

LANGUAGE
euthic Intention
Hermes, each and every, who static of
dipt divi-
ing over
of the
erage was
the Com-
amers")
the Bull
conpre-
ch had
ie of con-
men-
sever-
and if we
and tend-
lwin 1.
"has
udges, in
stitution,
ginal an-
1" Then
to try to
tion to
it or may
gives as
English
ago as a
n, which
Richard
theolog-
n Specu-
er Her-
Inter-
n biblic
the world
uation
ing it in-
ing inter-
the ap-
he ap-
interpre-
used by
HAGAL, co-
necientia
a phylo-
University
is Brook
prepara-
tion what
or com-
H SERVICES
JAW COSTS
EXCEPTIONAL
NEW YORK
WASHINGTON
LOS ANGELES
SAN FRANCISCO
SAN DIEGO
SEATTLE
PORTLAND
DENVER
MINNEAPOLIS
CHICAGO
ST. LOUIS
KANSAS CITY
COLUMBIA
INDIANAPOLIS
CINCINNATI
CLEVELAND
DETROIT
MILWAUKEE
PITTSBURGH
PHILADELPHIA
RICHMOND
BALTIMORE
BOSTON
NEW JERSEY
HAWAII
ALASKA
ARIZONA
CALIFORNIA
COLORADO
CONNECTICUT
DELAWARE
FLORIDA
GEORGIA
ILLINOIS
INDIANA
IOWA
KANSAS
KYENTUCKY
LOUISIANA
MAINE
MARYLAND
MASSACHUSETTS
MICHIGAN
MINNESOTA
MISSISSIPPI
MISSOURI
MONTANA
NEBRASKA
NEVADA
NEW HAMPSHIRE
NEW JERSEY
NEW MEXICO
NEW YORK
NEW ZEALAND
NORTH CAROLINA
NORTH DAKOTA
OHIO
OKLAHOMA
OREGON
PENNSYLVANIA
RHODE ISLAND
SOUTH CAROLINA
SOUTH DAKOTA
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming
YUGOSLAVIA
Zaire
Zimbabwe

U.S. Races for '88: A Contrast

Democrats Looking for A Leader

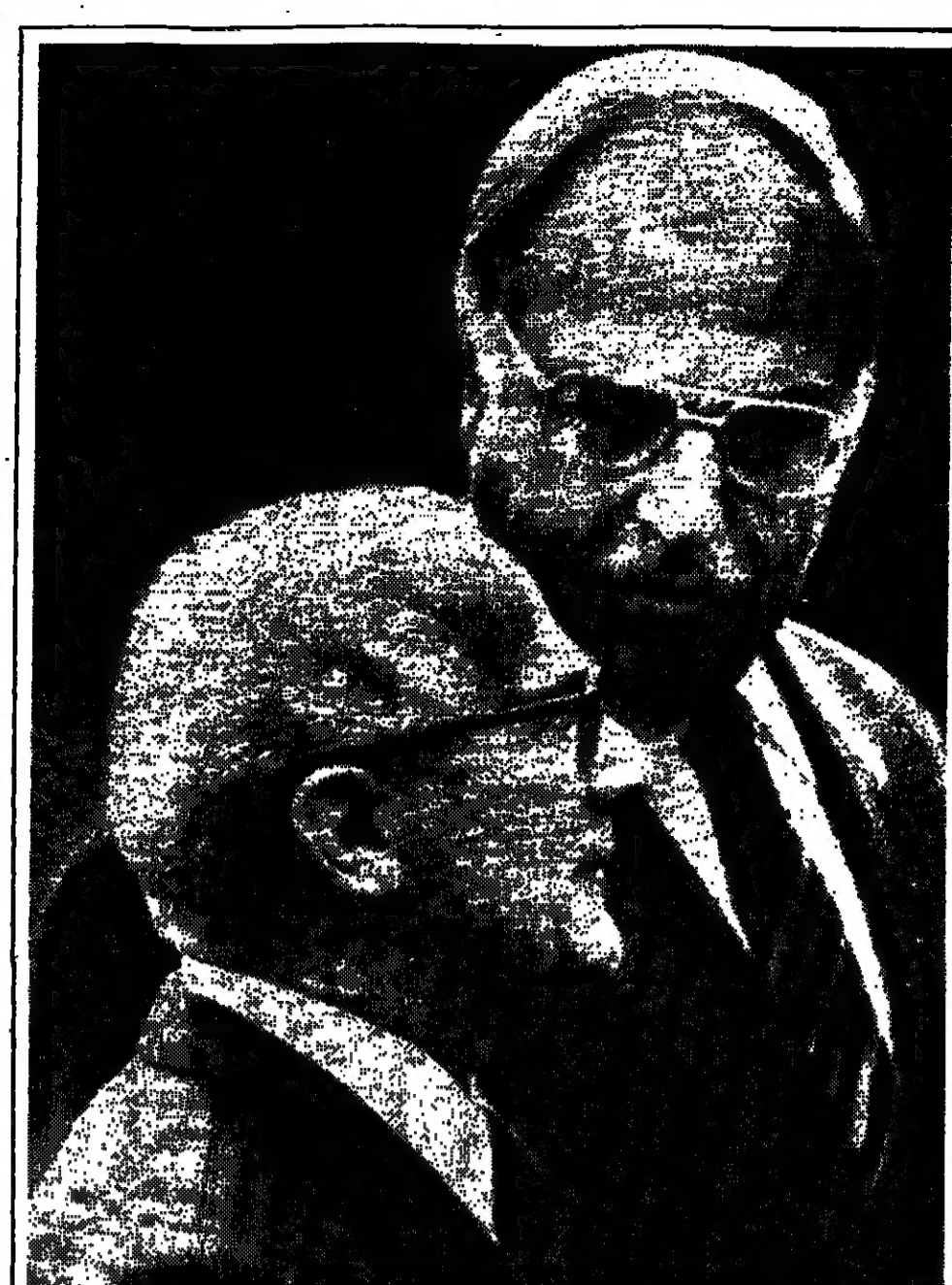
By Paul Taylor
Washington Post Service
WASHINGTON — This summer, Democrats have been trying to size up the most formidable presidential field in anyone's memory. The seven men and (most likely) one woman who will contend for the 1988 Democratic presidential nomination are "like a bowl of Jell-O that won't congeal," said a Democratic pollster, Harrison Hickman. So far the major developments of this contest have been the departures of Gary Hart and a number of favorites, including those of Governors Mario M. Cuomo of New York and William J. Clinton of Arkansas. Many will take a different turn this fall, as voters begin to examine the men before them. But for now Democratic party activists and elected officials around the country remain slow to sign on to anyone's campaign, and the candidates continue to grope for any distinction that will set one apart from another.

It has not been easy. In age, experience, outlook and instinct they are roughly of a piece. On domestic issues these are mostly 1980s Democrats, more comfortable talking about growth and fiscal discipline than about income redistribution and spending programs. In foreign policy they are 1970s Democrats, more comfortable denouncing weapons systems—especially President Ronald Reagan's Strategic Defense Initiative—and foreign adventurism than they are asserting a forceful U.S. role in the world.

Here are the candidates, their strategies, messages and prospects: Bruce E. Babbitt, 49, former governor of Arizona, set himself apart as the candidate with the guts to call for a 5 percent consumption tax and for the means-testing of popular entitlement programs. He also talks of having rallied a conservative state legislature behind progressive children's and environmental programs. Mr. Babbitt's problem has been money. At his campaign headquarters, they are already recycling cans and cutting staff. He has been forced to throw his resources exclusively at the Iowa caucuses and the New Hampshire primary election. Joseph R. Biden Jr. of Delaware, 44, chairman of the Senate Judiciary Committee, has been making an appeal to the latent idealism of the 1960s and at the same time stressing his 15 years of service on the Foreign Relations Committee. He made an early splash in fund

Republican Candidates Chase Bush

By David S. Broder
Washington Post Service
WASHINGTON — As the six Republicans line up for their presidential nomination race, they all know that unless Vice President George Bush clips a hurdle in the early stages, no one is likely to catch him. Each of the other five runners—from the established challengers Bob Dole and Jack Kemp to such untested opponents as Pete du Pont, Al Haig and Pat Robertson—has his own strategy for winning the race. But they recognize that the spotlight is on the man with all the advantages. For them, that's the bad news. The good news, they think, is that there are hidden potholes in his path. Some of the tricky stretches have names of early-voting states: Iowa, where Mr. Bush is a step behind Mr. Dole in the latest poll, Hawaii, Michigan, Minnesota, New Hampshire, South Dakota. Others have dates and network initials, for the trickiest hurdles for Mr. Bush may be the televised debates, starting late next month. That is where two of the long shots, Pierre S. du Pont 4th, the former governor of Delaware, and Alexander M. Haig, the former secretary of state and White House chief of staff, who clearly cannot match the others in money or organization, really hope to make their presence felt. During the summer months, when Mr. Bush has been relatively idle, Senator Bob Dole of Kansas and Representative Jack F. Kemp of New York have been recruiting and organizing at a frantic pace. The two men appear ready for the test. Followers of the Reverend Pat Robertson, the television evangelist, have been turning up the heat on his petition-signature drive, reaching 50,000 names a day, they say, in anticipation of the Sept. 17 deadline for the three million signatures he set as his target a year ago. But "the race can't begin until Bush gets in," as Mr. Dole's chairman, Robert F. Ellsworth, concedes. And that is still six weeks away. A canvass of opinion in the rival camps and among neutral Republican observers shows that Mr. Bush's advantages are enormous. "Bush has one hell of a lead," says Richard S. Williamson, a veteran Republican operative who until recently was aiding Paul Laxalt. The surprise defeat threw into question Mr. Alfonsín's ability to enact a series of sweeping military, economic and constitutional



Kohl Welcomes Honecker to West Germany
The East German leader, Erich Honecker, left, with Chancellor Helmut Kohl of West Germany during a welcoming ceremony for Mr. Honecker on Monday in Bonn. The two discussed human rights and disarmament as Mr. Honecker began the first visit by an East German leader to West Germany. Both sides characterized the talks as positive, but officials provided few details. Page 6.

Resurgent Peronists Hand Alfonsín A Surprising Setback in Elections

By Bradley Graham
Washington Post Service
BUENOS AIRES — President Raúl Alfonsín has suffered a major electoral setback, with his Radical Civic Union losing key gubernatorial and congressional races to a changed and reinvigorated Peronist movement. The surprise defeat threw into question Mr. Alfonsín's ability to enact a series of sweeping military, economic and constitutional changes intended to strengthen Argentina's young democracy. It also catapulted Antonio Cafiero, a Peronist and winner of the prized governorship of Buenos Aires Province, to the front ranks of possible contenders for the presidency in 1989. [With nearly 97 percent of the vote counted, official returns gave the Peronists the governorships of 16 of 22 provinces, compared with 12 before the elections. The Associated Press reported. The Radicals, who previously held seven, won outright victories in just two races and held a slim lead in a third. Mr. Alfonsín's party lost 12 seats in the House, ending the three-seat majority the Radicals enjoyed for two years. The Radicals will now have 118 of the 254 seats. The Peronists, who gained four seats, remained second but now have 107. The rightist Central Democratic Union won four seats for a total of seven. The leftist Intransigent Party remained unchanged with six seats. Local parties picked up four seats to total 16 in the house.] The Peronists already held a majority in the Senate. The balloting marked the first time in 25 years that the electorate had been given the opportunity to vote their judgment of provincial governors and congressmen they had elected previously. But hanging in the balance was the outcome of the vote on Sunday was Mr. Alfonsín's own agenda for reshaping some of the institutional foundations of Argentina. Many political analysts said the Radical Party's poor performance would affect Mr. Alfonsín's ability to push ahead in his final two years in office with plans to restructure the armed forces, sell state-owned companies and adopt a parliamentary system of government. The Peronists, under the new leadership of their wing that backs change, have been hoping for an electoral resurgence to establish themselves as a political alternative. Going into the election, the Radical Party had appeared in danger of losing its thin majority in the lower house of Congress but had been favored to win the governorship of Buenos Aires Province, home for 37 percent of the nation's 19.4 million voters. Running against Mr. Cafiero, 64, was the Radical candidate, Juan Manuel Casella, 46, a lawyer who has served brief stints as a member of Congress and minister in the Alfonsín government. The Radicals warned that a Peronist victory would alter the stability and continuity of the democratic system, a message that is meant to play on memories of the political violence that terrorized Argentina under the last national Peronist government in the mid-1970s. The Peronists, in turn, highlighted the country's continuing economic problems. Mr. Alfonsín's election in 1983 ended nearly eight years of repressive military rule. The president won support by stemming inflation with a package of shock measures in 1985 and by placing former military leaders on trial for crimes during their rule. But recent months have seen a rise in public irritation and disillusionment. Inflation has been edging up again, reaching 10.1 percent in July and, according to unofficial estimates, 13.8 percent in August. The armed forces, too, are restless. Uprisings by military officers last April dramatized resentment in the ranks over the trials. Mr. Alfonsín pushed through legislation in June that forced the cancellation of legal proceedings against more than 200 officers.

French Down Libyan Bomber Over Ndjamena

By Steven Greenhouse
New York Times Service
PARIS — French armed forces in Chad shot down a Libyan warplane Monday as it was about to bomb the capital, Ndjamena, a development that some French officials fear could lead to a confrontation between France and Libya. According to French and Chadian officials, France's 1,200-man force in Chad, a former French colony, used a U.S.-made Hawk missile to down the Soviet-built Tupolev-22 bomber. Libya acknowledged that one of its planes had been shot down. In the view of foreign affairs analysts, the incident will make it harder for France to maintain its low-profile image in the Chad-Libya conflict. Libya's ambassador to France said Monday in Paris that "those countries putting oil on the fire risk also being burned." In a television interview, the ambassador, Hamed el-Houderi, added, "All French people should realize that the situation could be dramatic." The Libyans are angry at France not only for shooting down their plane but also for supplying large amounts of arms and ammunition to Chadian forces. French officials said, however, that the downing of the Libyan plane did not represent any change in its position in the longstanding war in central Africa. Although France had told President Hissène Habré of Chad that it would not support his efforts to take back the disputed Aozou strip along the Libyan border, it has long said it would defend Chad if Libya attacked deep into the country. "France's involvement in Chad," said Defense Minister André Gi- raud, "is essentially defensive and dissuasive. We want no French-Libyan confrontation, and the risks of confrontation between Libya and France can only come from Libyan interventions, notably the air bombings inside Chadian territory." The French troops in Chad are based around the airport at Ndjamena and at Abéché, a town in eastern Chad. Their equipment includes Mirage F-1 fighters, Jaguar fighter-bombers, reconnaissance aircraft, radar units and anti-aircraft weapons. The Libyan news agency JANA said a Libyan bomber was downed in Ndjamena, 600 miles (970 kilometers) across the Libyan border. The agency added that "successful" air raid on Abéché. Chadian and French officials said a second Tupolev-22 bomber had passed over the capital and evaded anti-aircraft weapons. [The French Defense Ministry and Chadian military officials said the three crew members on the See CHAD, Page 2]

Soviet Gives Rare Tour Of Disputed Radar Site

By William J. Broad
New York Times Service
ABALAKOVO, U.S.S.R. — The Soviet Union has allowed Western experts to inspect its top-secret radar site here, which has been at the center of a heated arms-control dispute since its discovery by American spy satellites more than four years ago. The administration of President Ronald Reagan maintains that the radar, known as the Krasnoyarsk site after a large city south of Abalakovo, violates the 1972 anti-ballistic missile treaty. A congressional delegation, including three representatives and four aides specializing in military affairs, spent four hours on Saturday touring the radar's two main structures: an 11-story transmitter and a 30-story receiver. Both buildings were clearly under construction and far from operational. After their inspection, delegation members said that the visit raised serious questions about both the Soviet and the American positions in the arms-violation controversy. The American group also interviewed several Soviet officials and took more than 1,000 photographs inside and outside the site. It is thought to be the first time Westerners have been allowed to inspect any large Soviet radar that is believed to be for anti-missile defenses. "This is a breakthrough in super-power relations," said Representative Thomas J. Downey, a New York Democrat who heads the delegation. "It's the beginning of military glasnost," he said, using the Russian term for openness that has become associated with the policies of Mikhail S. Gorbachev, the Soviet leader. Mr. Downey and the other two representatives visiting the Soviet Union, Jim Moody of Wisconsin, and Bob Carr of Michigan, are Democratic members of the bipartisan House of Representatives group that observes the Geneva arms talks. The U.S. delegation is expected to discuss the visit and its implications on Tuesday in Washington. The Reagan administration says that the radar is designed to track approaching enemy missiles, at the very least for early warning of nuclear attack and probably for help in destroying missiles and warheads. In ABM terms, this is known as battle management. Either purpose, early warning or See RADAR, Page 2

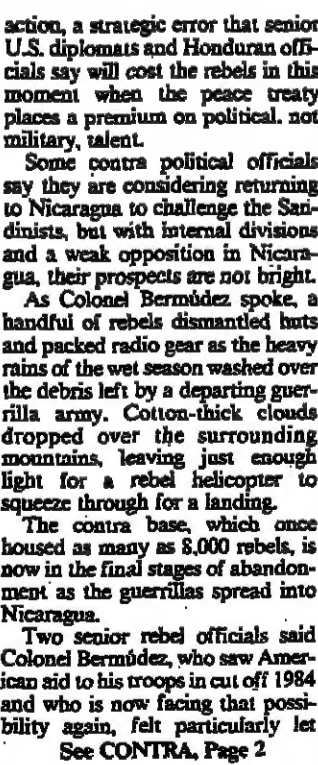
Klosk Prisoners Riot At Brussels Jail

BRUSSELS (Reuters) — Prisoners here rioted Monday evening and about 11 escaped, Agency Belga reported. The news agency said about 500 prisoners at the Saint Gilles Prison in southern Brussels refused to return to their cells and fought fires. At another Brussels prison on Sunday, 27 inmates and six policemen were hurt during riots in protest of arrangements made at a more modern prison for 26 British soccer fans who are to arrive in Belgium soon to face charges arising from the 1985 Heysel stadium riot.

A Contra's Fear: End of Battle

Peace Plan Challenges Effort to Keep Forces in Field

By James LeMoyné
New York Times Service
TEGUCIGALPA, Honduras — The chief military commander of the Nicaraguan guerrillas sat in the debris of the former main rebel border base and acknowledged that he and his men were facing the prospect that their long war could be over. Worried, pensive and at times rising to his feet to shout his anger about the Sandinista government, which he has fought since 1981, the commander, Colonel Enrique Bermúdez, spoke Friday in a long and candid interview, outlining the tough decisions he faces. It was a rare look at the thinking of one of the most powerful, but least heard, leaders of the rebels, known as the contras. Colonel Bermúdez was an officer in the National Guard of the former dictator, Anastasio Somoza. He has proved the most capable rebel military leader, but acknowledged that his service to the dictatorship is a political liability he has not been able to overcome. The interview at the base, on the Nicaraguan-Honduran border, was offered on the condition that the country in which the base is situated not be reported. Colonel Bermúdez said he was desperately trying to keep his men equipped and was willing to fight deep inside Nicaragua during the long rainy season. His forces have been fighting in Nicaragua for the last four months. But he said that goal was being challenged by a new Central American peace plan that has undercut the rebels politically and weakened their prospects of receiving renewed U.S. financing for their effort to overthrow the Sandinistas. "The months ahead are critical," Colonel Bermúdez said. "The worst impact of all would be seeing the United States Congress cut off aid to an army fighting for democracy while Cuba and the Soviet Union keep aiding the Sandinistas." In fact, as Colonel Bermúdez himself acknowledged, the failure of the rebels to convince the world that theirs is a fight for democracy remains one of the greatest political



weaknesses of the largely peasant contra army. Under the tutelage of the U.S. Central Intelligence Agency, the contras have placed greater emphasis on military rather than political action, a strategic error that senior U.S. diplomats and Honduran officials say will cost the rebels in this moment when the peace treaty places a premium on political, not military, talent. Some contra political officials say they are considering returning to Nicaragua to challenge the Sandinistas, but with internal divisions and a weak opposition in Nicaragua, their prospects are not bright. As Colonel Bermúdez spoke, a handful of rebels dismantled trucks and packed radio gear as the heavy rains of the wet season washed over the debris left by a departing guerrilla army. Cotton-thick clouds dropped over the surrounding mountains, leaving just enough light for a rebel helicopter to squeeze through for a landing. The contra base, which once housed as many as 8,000 rebels, is now in the final stages of abandonment as the guerrillas spread into Nicaragua. Two senior rebel officials said Colonel Bermúdez, who saw American aid to his troops in cut off 1984 and who is now facing that possibility again, felt particularly let down. See CONTRA, Page 2

To U.S. Officials, Manila Coup Bid Was a Close Call

By Neil A. Lewis
New York Times Service
WASHINGTON — A wide range of senior U.S. officials say they now believe the recent coup attempt in the Philippines came dangerously close to succeeding. Moreover, some officials believe that the factors that made the military a near-success still exist and that President Corason Aquino faces sizable long-term obstacles in ensuring the loyalty of the military. "Until it was over, we didn't realize how dicey the situation was," one senior official said. "Now that we look at what happened, there was a time when the momentum could have easily swung the other way," another senior official said. U.S. policy-makers also voiced concern that the Aquino government's efforts to battle the Communist insurgency throughout the nation will be greatly hampered as Mrs.

Aquino and her aides turn their attention to dealing with a fractious military. "It's handed the Communists a marvelous opportunity," one official said. "She'll have said, 'It's obvious now they almost brought down a very popular government. And it's not over yet.' The official said that "very serious questions remain about the military's loyalty to Aquino and their commitment to a democratic form of government." "Clearly, substantial elements of the military were very supportive," the official said. "The mutineers seemed to have the loyalty of large numbers in the army." What has so troubled administration analysts and policy-makers as they reconstruct the events is how much of the military was, as one official put it, "sitting on the fence" awaiting clues to whether the coup attempt would succeed. Another official described the Philippine military as so heavily politicized as to be almost feudal in its loyalties. "It's going to be very difficult to put it back to a professional army," the official said. One analyst said an important turning point appeared to have been a bombing hit on the communications center at Camp Aguinaldo, the military headquarters in Manila in which the mutinous soldiers were barricaded. The destruction of the communications center, the official said, prevented the coup leader, Colonel Gregorio Honasan, from keeping in touch with rebel soldiers elsewhere in the country. While the Reagan administration was aware of the pervasive discontent throughout

the events is how much of the military was, as one official put it, "sitting on the fence" awaiting clues to whether the coup attempt would succeed. Another official described the Philippine military as so heavily politicized as to be almost feudal in its loyalties. "It's going to be very difficult to put it back to a professional army," the official said. One analyst said an important turning point appeared to have been a bombing hit on the communications center at Camp Aguinaldo, the military headquarters in Manila in which the mutinous soldiers were barricaded. The destruction of the communications center, the official said, prevented the coup leader, Colonel Gregorio Honasan, from keeping in touch with rebel soldiers elsewhere in the country. While the Reagan administration was aware of the pervasive discontent throughout

the events is how much of the military was, as one official put it, "sitting on the fence" awaiting clues to whether the coup attempt would succeed. Another official described the Philippine military as so heavily politicized as to be almost feudal in its loyalties. "It's going to be very difficult to put it back to a professional army," the official said. One analyst said an important turning point appeared to have been a bombing hit on the communications center at Camp Aguinaldo, the military headquarters in Manila in which the mutinous soldiers were barricaded. The destruction of the communications center, the official said, prevented the coup leader, Colonel Gregorio Honasan, from keeping in touch with rebel soldiers elsewhere in the country. While the Reagan administration was aware of the pervasive discontent throughout

REPUBLICANS: Bush in Front

(Continued from Page 1)

of Nevada, who last month quit the race. "He's used his advantages effectively, and he has not made mistakes."

Mr. Bush had raised over \$9.4 million by the start of the summer, more than twice the figure of his closest competitors, Mr. Dole and Mr. Kemp.

He has far more endorsements of elected and party officials than anyone else, including more New York House members than are backing his colleague from Buffalo, Mr. Kemp.

He also has the deepest, broadest organization, the only one, a senior Republican official says, "really prepared to compete everywhere."

Most important of all, Mr. Bush has seven years as President Ronald Reagan's chosen lieutenant in two campaigns and two administrations, with a reputation for unblemished loyalty that none of his opponents dares to question.

"In the eyes of a great many Republicans," says a Republican governor who looked at the race and decided not to get in, "George has earned the nomination already."

The key question for the Republican contest thus becomes whether Mr. Bush stumbles in the early party caucuses and primary elections. And the evidence is that he could.

Consider some of the possibilities: Michigan — Mr. Bush is scrambling already to avoid embarrassment at the Jan. 29 convention. Volunteers recruited by Mr. Robertson, operating in alliance with less numerous backers of Mr. Kemp, overwhelmed pro-Bush "regulars" in elections for precinct delegate spots last year and now control the state committee.

Iowa — Mr. Bush has nurtured the organizational and personal ties he forged in his 1980 victory over Mr. Reagan and has been rated the favorite for the Feb. 8 caucuses. But the latest Des Moines Register poll, published Sunday, shows him in a tight race with Mr. Dole. The survey of 301 likely caucus-goers found 32 percent for Mr. Dole and 29 percent for Mr. Bush, a statistically insignificant difference. Mr. Kemp had 10 percent; Mr. Robertson, 7; Mr. du Pont, 5; and Mr. Haig, 4.

New Hampshire — The first primary takes place Feb. 16 in a state with terrible memories for Mr. Bush, the state where Mr. Reagan recouped politically in 1980 and humiliated him personally at their Nashua debate. If Mr. Bush is

wounded in the early going, this is the place his rivals think they can damage him beyond repair. If he survives the early tests, New Hampshire may be their last chance to derail him.

In early March the spotlight will swing to the South, where the "Super Tuesday" joint primaries will be held. But long before that, Republican voters everywhere will have had an opportunity to watch the six contenders compete in televised debates.

The debates are particularly important to those now seen as long shots for the nomination.

Mr. Haig has the least money and organization, and some of the highest negative poll ratings in the field.

But his strategists think that that is largely because voters know him only from crisis situations in the Nixon and Reagan presidencies and have rarely seen him display his sense of humor, business credentials, expertise in foreign policy and a resume that rivals or surpasses that of Mr. Bush.

Mr. Haig dissents from Republican orthodoxy on everything from the Strategic Defense Initiative to the balanced-budget amendment, and he hopes to exploit those differences.

Mr. du Pont, whose conventional political assets are the next most meager, also aims to stand out from the crowd. He has been more adventurous on issues than anyone else, calling for a phase-out of farm supports, alternatives to Social Security, and guaranteed job training for all. But at the moment, he is clearly in the second tier.

Mr. Robertson is the hardest for the others to figure out. His allies in the evangelical churches offer him an effective network for recruiting workers, as Michigan showed.

His manager, Marc Nuttle, is modest in his claims of what Mr. Robertson will do in Iowa or New Hampshire but says that he can come on strong in the South.

Rival camps think that Mr. Robertson has been hurt by the publicity over his fellow evangelists, Jim and Tammy Bakker, but Mr. Nuttle says Mr. Robertson — clearly the most experienced and effective TV performer in the field — has the most to gain from the debates.

After a somewhat stumbling start, Mr. Kemp has made himself a competitor, if not yet a threat, to Mr. Bush and Mr. Dole.

His efforts to consolidate his position as the conservative heir apparent have been aided by Mr. Laxalt's withdrawal and the emergence of foreign policy issues — in arms control and Central America — on which he can rally his chosen right-wing constituency.

Mr. Kemp's strategists believe that this constituency is a potential majority if he gets to the South as the main alternative to Mr. Bush.

But Mr. Dole blocks his way. The Kansas senator has a difficult double strategy of courting the right wing on foreign policy while simultaneously making himself available as a vehicle for moderates disillusioned with Mr. Bush's adaptation to every phase of Mr. Reagan's philosophy.

He is also the only candidate willing to talk tough at times on foreign policy. He alone among Democrats was an early supporter



A MAGIC NUMBER FOR LANDON — Three days short of his 100th birthday, Alf Landon was visited by President and Mrs. Ronald Reagan in Topeka, Kansas. Mr. Landon, who was the Republican presidential candidate in 1936, said: "It's a great day in my life."

DEMOCRATS: 8 Candidates in Search of a Leader

(Continued from Page 1)

"Massachusetts Miracle" of economic revival, his nine balanced budgets, his immigrant roots, his governing style and his passion for the rule of law.

His rivals accuse him of taking more credit than he is due for the Massachusetts turnaround and of hiding his true colors. They peg him as an anti-military liberal.

Representative Richard A. Gephardt of Missouri, 46, has been running harder and longer than anyone, and by the testimony of insiders, has profited from the experience. His speeches are sharper, his images crisper and his timing far better than they were a year ago.

There is a populist streak to his protectionist talk on trade, and he displays compassion in his save-the-family farm legislation. His opponents say privately that his Achilles heel is an opportunistic voting record that reveals him as having tailored his philosophy to the prevailing winds on everything from abortion to economics to nuclear energy policy.

Senator Albert Gore of Tennessee, 39, was the big winner two weeks ago when Senator Sam Nunn of Georgia became the most recent Democrat not to run, leaving Mr. Gore the only southerner in the race.

He is also the only candidate willing to talk tough at times on foreign policy. He alone among Democrats was an early supporter

of the Reagan administration's re-flagging policy in the Gulf.

And he is the one who tries to come off as culturally and socially more conservative than the others. He does not have great strength in Iowa or New Hampshire, and he faces a test even in his home region.

His rivals accuse him of taking more credit than he is due for the Massachusetts turnaround and of hiding his true colors. They peg him as an anti-military liberal.

Representative Richard A. Gephardt of Missouri, 46, has been running harder and longer than anyone, and by the testimony of insiders, has profited from the experience. His speeches are sharper, his images crisper and his timing far better than they were a year ago.

There is a populist streak to his protectionist talk on trade, and he displays compassion in his save-the-family farm legislation. His opponents say privately that his Achilles heel is an opportunistic voting record that reveals him as having tailored his philosophy to the prevailing winds on everything from abortion to economics to nuclear energy policy.

Senator Albert Gore of Tennessee, 39, was the big winner two weeks ago when Senator Sam Nunn of Georgia became the most recent Democrat not to run, leaving Mr. Gore the only southerner in the race.

He is also the only candidate willing to talk tough at times on foreign policy. He alone among Democrats was an early supporter

of the Reagan administration's re-flagging policy in the Gulf.

And he is the one who tries to come off as culturally and socially more conservative than the others. He does not have great strength in Iowa or New Hampshire, and he faces a test even in his home region.

His rivals accuse him of taking more credit than he is due for the Massachusetts turnaround and of hiding his true colors. They peg him as an anti-military liberal.

Representative Richard A. Gephardt of Missouri, 46, has been running harder and longer than anyone, and by the testimony of insiders, has profited from the experience. His speeches are sharper, his images crisper and his timing far better than they were a year ago.

There is a populist streak to his protectionist talk on trade, and he displays compassion in his save-the-family farm legislation. His opponents say privately that his Achilles heel is an opportunistic voting record that reveals him as having tailored his philosophy to the prevailing winds on everything from abortion to economics to nuclear energy policy.

Senator Albert Gore of Tennessee, 39, was the big winner two weeks ago when Senator Sam Nunn of Georgia became the most recent Democrat not to run, leaving Mr. Gore the only southerner in the race.

He is also the only candidate willing to talk tough at times on foreign policy. He alone among Democrats was an early supporter

CHAD: Bomber Downed

(Continued from Page 1)

downed plane were killed, United Press International reported.

Ahmed Allam-Mi, the Chadian ambassador to France, said Monday that Libyan planes had dropped five bombs on Abéché and killed many villagers.

The war between Libya and Chad heated up on Aug. 8 when Chadian forces captured Aoua, the main village in the Aozou strip that Libyan forces had captured in 1973. That loss was a major embarrassment to Colonel, Mouammar Gadhafi, the Libyan leader, whose forces retook the town on Aug. 28.

On Saturday, 2,000 Chadian troops crossed into Libya for the first time and demolished the Matas-Sarah air base, 60 miles from the internationally recognized border between Chad and Libya.

Issa Boukar, a spokesman for the Chadian Embassy in France, said his country had withdrawn its troops from the Libyan air base.

Mr. Giraud said France "was not informed" of that raid and that "there was no French element that had participated."

Dominique Moisi, associate director of the French Institute for International Relations, said French officials were trying to play down the French role.

The decision to destroy the plane is in tune with France's desire not to escalate its role and indeed to keep Libya from escalating the war, said Mr. Moisi.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

■ Warning by Radio Tripoli

Soon after the downing of the Libyan bomber, Radio Tripoli began broadcasting appeals for foreign embassies and townspeople to evacuate Nijamena to ensure their safety. Agency France-Press reported from Nicosia, where the broadcast was monitored.

WORLD BRIEFS

Korean Workers Protest Plant Closing

SEOUL (Reuters) — Thousands of workers staged rallies on Monday protesting the closure of a shipyard by the giant Hyundai Group, but the government said labor disputes were dwindling across South Korea.

Officials of Hyundai, the country's biggest exporter, said about 7,000 workers held a sit-in at their yard at Ulsan in the southeast, demanding a 14-percent pay increase and the release of 23 arrested union leaders.

The 23 are among 166 workers facing trial after the police raided company dormitories in Ulsan and a car factory near Seoul owned by the Daewoo conglomerate last week. The Hyundai strikers ended the daylong protest Monday with no major violence but vowed to gather again on Tuesday to press their demands, the officials said.

Hypothermia Used on Siamese Twins

BALTIMORE (WP) — Seven-month-old Siamese twins, joined at the back of the head, have been separated in a 22-hour operation here that involved putting the West German infants into suspended animation to halt bleeding from the operation. Doctors said it was the first time that hypothermia, or lowering body temperature, had been tried in such surgery.

If both boys survive, it will also be the first time that twins sharing major blood systems in the brain have been successfully separated. Doctors at the Johns Hopkins Medical Institutions said it would be days before they had any sense of whether either boy would recover and live a normal life.

The operation Sunday involved more than 70 doctors and nurses. The infants, Benjamin and Patrick Binder, shared the major veins and blood draining system directly behind their brains.

Executive Fired in Yugoslav Scandal

BELGRADE (Reuters) — The senior management of a Yugoslav company at the center of a multimillion-dollar scandal has been dismissed, official press reports said Monday.

The issuing by Agrokomprom of up to \$500 million worth of false promissory notes has rocked the country's banking sector, already struggling to cope with Yugoslavia's \$30 billion foreign debt. Agrokomprom is a state-owned agricultural-industrial company that employs 13,500 workers and handles food exports to 22 countries.

The company's chief executive, Fikret Abdic, and his management team have been dismissed, the reports said. The Tanjug news agency reported Saturday that the police had asked the Federal Assembly (parliament) to waive the immunity from criminal prosecution Mr. Abdic enjoys as a member of the body.

Troubled U.K. Union Group Meets

BLACKPOOL, England (Reuters) — British trade union leaders began their annual meeting Monday, divided on industrial relations and on how to halt declining membership under what they regard as a hostile Conservative government.

The meeting of the Trades Union Congress was the first since Prime Minister Margaret Thatcher, whose government has enacted laws designed to curb union power, was re-elected in June. Political analysts said union leaders, faced with five more years under Mrs. Thatcher, had to try to improve their image.

A recent opinion poll said most British unions were seen by the majority of their members as out of touch with the needs of the rank and file and too closely linked to the opposition Labor Party.

Gandhi Shuffles Party Secretaries

NEW DELHI (AFP) — Prime Minister Rajiv Gandhi replaced five of six general secretaries in his Congress (I) Party on Monday, a party spokesman said. A shuffle of the senior levels had been expected following electoral defeats and mounting dissidence within a party battered since April by a wave of corruption scandals.

The spokesman, G.K. Moopnar, said Mr. Gandhi had accepted the resignations of Bhagwat Jha Azad, A.K. Antony, R.L. Bhatia, N.K. Sharma and Najma Hephullah to clear the way for a reorganization.

Mr. Moopnar, the only general secretary to be retained, said the five were replaced by Oscar Fernandez, Ghulam Nabi Azad, N.C. Chaturvedi, K.N. Singh and Ram Ratan. All but Mr. Fernandez are Congress (I) members of Parliament.

For the Record

Prime Minister Ingvar Carlsson of Sweden arrived in Boston on Sunday for a seven-day visit to the United States. (AFP)

Three persons appeared in court in Chippewham in southwest England on Monday accused of plotting to kill King, the British minister responsible for the province of Northern Ireland. (Reuters)

TRAVEL UPDATE

Londoners May Now Share Taxicabs

LONDON (Reuters) — A 300-year-old English law is to be scrapped to allow London taxicabs to offer a shared service, the government announced on Monday.

Until now the capital's 14,000 registered taxi drivers were bound by the law — introduced in the 17th century to apply to horse-drawn carriages — not to permit shared fares.

The pilot of a Piedmont Airlines jet had to shut off an engine and return to Baltimore-Washington International Airport shortly after takeoff Monday when a fire warning light came on, an airline spokesman said. He said the light proved to be a false alarm. (AP)

CONTRA: End of Battle Is Feared

(Continued from Page 1)

down by the still-divided civilian political leaders of the contras.

"He is bitter that none of the civilian directors have been in the camps to talk to the troops, that they have not come up with a unified position to explain to the troops," a rebel official said.

Colonel Bermudez, dressed in a camouflage uniform, said he had tried to explain to the troops the effect of the peace treaty, which calls for a cease-fire in local wars and a cutoff of outside aid to rebels in Central America.

He strongly criticized the peace plan, which rebel political leaders have formally accepted. He said he considered the Sandinists' signing of the plan, which calls for significant moves to increase democracy in Nicaragua, to be a tactical move to buy time and defeat the contras politically.

"They are looking for a way to stop our aid and make our troops lose faith," he said. "They won't comply with the treaty."

Colonel Bermudez was particularly critical of the failure of the plan to set any limit on the military aid that the Sandinists can receive, while it cuts off aid to the rebels.

He said it was essential that the U.S. Congress vote at least conditional aid to the rebels when the current \$100 million in financing runs out this month. This is necessary, Colonel Bermudez argued, to keep up the morale of the rebel troops and to keep pressure on the Sandinists to comply with the treaty.

Colonel Bermudez was among the senior rebel leaders who met two weeks ago with President Ronald Reagan in California. He said Mr. Reagan promised to keep fighting for aid to the rebels.

But he added that the Sandinists had already started a propaganda campaign aimed at the rebels and their families, telling them that peace was at hand and that they should accept an amnesty rather than die for a lost cause.

Another problem facing the contras is that Honduras will be forced to clear out all rebels and close any bases they still have there by the Nov. 7 deadline imposed by the regional peace treaty. On that date all countries are to stop assisting rebel forces and stop permitting their territory to be used by rebels.

The political and military difficulties facing the rebels appear to be all the more galling to Colonel Bermudez because, he said, his forces are now in their best military condition since U.S. aid was previously cut off in 1984.

With \$100 million of renewed financing this year, hundreds of rebel commanders received their first professional military training from U.S. Army advisers. They then got new equipment, computerized radio communications and potent anti-aircraft missiles that are said to be shooting down an average of one Sandinist helicopter a month.

With highly effective aerial supply drops, run by the CIA, the contras have defied their harsh critics by posing a long-term problem that the Sandinists cannot eradicate.

The purpose of guerrilla war, to tire and weaken the enemy, is well demonstrated in Nicaragua, where the economy, bled by the long war, a U.S. embargo and Sandinist mismanagement, is in ruins. The contras, like leftist rebels fighting the government in El Salvador, cannot defeat the Sandinists, but they have badly hurt them.

Colonel Bermudez said the contras would keep fighting until the Sandinists agreed to negotiate a cease-fire with them, something the Sandinists have refused ever to do.

But the rebel commander acknowledged that political support could run out for the contras in Congress. If that happens, final defeat would be at hand. That, Colonel Bermudez said bitterly, would leave Nicaragua under firm Sandinist control.

"If we disarm," he said, "and in 1988 the Sandinists haven't fulfilled the treaty, will anyone be interested in this process any more?"

Happiness is Gifts from

MICHEL SWISS
PERFUMES, COSMETICS
NOVELTIES, GIFTS
Top export discounts!

Monday to Saturday 9 am to 6:30 pm.
closed on Sunday

16, RUE DE LA PAIX-PARIS
Phone: (1) 42.81.11

New York gives you
many hotels to choose from.
But only one St. Regis.

St. Regis Sheraton

Quality of its guests is the signature of a great hotel.

Fifth Avenue 67 55th Street, New York. The hospitality people of T.T.L.
Toll-free: in UK 0800-353535, in W. Germany 0130-3535.
In New York (212) 753-4500. Telex: 148368.

RADAR: Soviet Gives U.S. Rare View of Disputed Site

(Continued from Page 1)

battle management, would violate the ABM treaty, whose central aim is to limit defensive missile systems designed to knock out incoming strategic missiles.

The Soviet Union says the radar is for tracking satellites in orbit, and denies violating the treaty. The inspection of the site on Saturday raised serious doubts about the assertions of both sides.

The huge, half-built device is a "phased-array" radar — several radars that operate in tandem. Its beam is steered electronically instead of by a movable dish. Both the United States and the Soviet Union are currently constructing such devices.

By the details of its construction, and the acknowledgment of Soviet officials in Abalakovo, the radar is far from ideal for all types of space tracking. But it also seems to be anything but the rugged, hardened bunker needed to wage anti-missile battles in a nuclear war.

The work inside and out appeared shoddy at best, prompting some chuckles and head-shaking from members of the delegation.

Anthony R. Battista, a staff member of the House Armed Services Committee who is considered a top American expert on Soviet military sites, said: "You have some space-tracking ability here

that's not very good, and some early warning capability that's not very good. If you turn it on, it's probably a violation, but not a very good one."

The visit to the site was organized by the Soviet Academy of Sciences and the Committee of Soviet Scientists Against the Nuclear Threat. Officials of both groups accompanied the Americans.

Yevgeni P. Velikhov, vice president of the Soviet Academy of Sciences and leader of the Soviet group that accompanied the U.S. delegation on Saturday, said the decision to allow the visit was made by the Politburo.

At first, Soviet officials allowed no photographs to be taken inside the structures. But later they allowed a quick photo tour of both structures

WORLD BRIEFS

Workers Protest Plant

Thousands of workers staged a demonstration at the giant Hyundai shipyard in the country's largest export sector, their yard at Ulsan in the southwest, and the release of 23 arrested workers facing trial after the last week. The Hyundai shipyard is the largest in the world, and the workers' protest was the largest in the country's history.

Used on Siamese

Seven month-old Siamese twins, separated in a 22-hour operation, were taken to a hospital in Bangkok. The twins, who were born with a shared placenta, were taken to a hospital in Bangkok. The twins, who were born with a shared placenta, were taken to a hospital in Bangkok.

Fired in Yugoslav

The senior management of a multinational dollar scandal is being investigated by the Yugoslav government. The senior management of a multinational dollar scandal is being investigated by the Yugoslav government.

K. Union Group

London (Reuters) — British trade union leaders, divided on industrial membership under what they regard as a "new" union, are expected to meet in London. British trade union leaders, divided on industrial membership under what they regard as a "new" union, are expected to meet in London.

Fles Party Secretary

Prime Minister Ravi Chandra is expected to announce the results of the election. Prime Minister Ravi Chandra is expected to announce the results of the election.

End of Battle

The battle for the city of Baghdad is expected to end soon. The battle for the city of Baghdad is expected to end soon.

Now Share Tax

The new tax system is expected to be implemented soon. The new tax system is expected to be implemented soon.

In-Dull Danish Campaign, Faint Stirrings

By Howell Raines

New York Times Service

COPENHAGEN — Denmark is approaching the end of a general election campaign that the candidates, the pollsters, the press and the incumbent prime minister, Poul Schlüter, pronounced extraordinary for its dullness.

But Sunday — just before a televised debate among the 16 parties involved in Denmark's general, complicated electoral system — a welcome display of controversy waited across the somnolent political landscape. And it came from an unlikely source — Anker Jørgensen, an ex-minister but unexciting man usually associated with the Walter Mondale of Danish politics.

Mr. Jørgensen, 65, a former foreign minister, stirred things up before the Tuesday voting by warning that the long shadow of free trade is falling across one of Scandinavia's prototype welfare states. He even named two foreign villains in the importation of harmful ideology: Adam Smith and Margaret Thatcher.

He accused Mr. Schlüter, a Conservative who says his pro-business policies have created 200,000 new jobs in the private sector, with trying to bring off a sneaky transformation from welfare state to enterprise society.

Mr. Schlüter has said that Karl Marx is dead. Mr. Jørgensen said in an interview published Sunday, "I know that. He died in 1883. But what Schlüter is presenting is Adam Smith's philosophy of the free market packed in cellophane and presented with charm."

He warned that Mr. Schlüter's "ideology is each-for-his-own." For although Mr. Schlüter has added 15,000 jobs in the state medical service and raised unemployment benefits, he also has advocated partial payments for some services and freedom to choose between private and government medical and pension programs.

Per S. Møller, a Conservative parliamentary leader, responded that Mr. Schlüter, 56, still supports the basic idea of the welfare state — "higher taxes and fewer social problems than they have in the United States." But he said Mr. Schlüter also stands for a number of ideas that are being attacked from the left.

In addition to an economic policy that has been called "watered-down Thatcherism," these include continued membership in the North Atlantic Treaty Organization and the European Community and the tighter fiscal policies that have reduced the domestic budget deficit and increased "efficiency" and "choice" in welfare programs.

American officials have been nervous about opposition to NATO membership in particular and nuclear weapons in general by the Social People's Party, the country's fastest growing leftist party. Its growth is fed by the "identity crisis" in Mr. Jørgensen's Social Democrats.

Once Denmark's dominant party, the Social Democrats have been going through a transitional trauma like that of the Democrats in the United States and the Labor Party in Britain.

With 16 parties on the ballot for 179 seats in parliament, the Folketing, no one is quite sure whether Mr. Schlüter's four-party, center-right coalition will sustain its bare working majority of 90 seats.

But compromise is the theme of Danish politics. On 56 issues in his five years in office, Mr. Schlüter has lacked a majority, but his government survived by general agreement that no one else ought to be prime minister until he decided to call this snap election four months before the end of his term.

Even the Socialist People's Party says it will swallow its opposition to NATO and the EC in the interest of forming a governing socialist coalition should they and the Social Democrats win enough seats to form a majority.

This is relaxed, enlightened coalition politics in a country comfortable with its existence on the Nordic seashore between the superpowers. The mellow mood prevailed Sunday at the candidates' debate. Mr. Jørgensen made a gentlemanly attack on Mr. Schlüter's failure to make a dent in the country's \$40-billion foreign debt, much of which he inherited from Mr. Jørgensen's party.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.



Poul Schlüter



Anker Jørgensen

He warned that Mr. Schlüter's "ideology is each-for-his-own." For although Mr. Schlüter has added 15,000 jobs in the state medical service and raised unemployment benefits, he also has advocated partial payments for some services and freedom to choose between private and government medical and pension programs.

Per S. Møller, a Conservative parliamentary leader, responded that Mr. Schlüter, 56, still supports the basic idea of the welfare state — "higher taxes and fewer social problems than they have in the United States." But he said Mr. Schlüter also stands for a number of ideas that are being attacked from the left.

In addition to an economic policy that has been called "watered-down Thatcherism," these include continued membership in the North Atlantic Treaty Organization and the European Community and the tighter fiscal policies that have reduced the domestic budget deficit and increased "efficiency" and "choice" in welfare programs.

American officials have been nervous about opposition to NATO membership in particular and nuclear weapons in general by the Social People's Party, the country's fastest growing leftist party. Its growth is fed by the "identity crisis" in Mr. Jørgensen's Social Democrats.

Once Denmark's dominant party, the Social Democrats have been going through a transitional trauma like that of the Democrats in the United States and the Labor Party in Britain.

With 16 parties on the ballot for 179 seats in parliament, the Folketing, no one is quite sure whether Mr. Schlüter's four-party, center-right coalition will sustain its bare working majority of 90 seats.

But compromise is the theme of Danish politics. On 56 issues in his five years in office, Mr. Schlüter has lacked a majority, but his government survived by general agreement that no one else ought to be prime minister until he decided to call this snap election four months before the end of his term.

Even the Socialist People's Party says it will swallow its opposition to NATO and the EC in the interest of forming a governing socialist coalition should they and the Social Democrats win enough seats to form a majority.

This is relaxed, enlightened coalition politics in a country comfortable with its existence on the Nordic seashore between the superpowers. The mellow mood prevailed Sunday at the candidates' debate. Mr. Jørgensen made a gentlemanly attack on Mr. Schlüter's failure to make a dent in the country's \$40-billion foreign debt, much of which he inherited from Mr. Jørgensen's party.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

He warned that Mr. Schlüter's "ideology is each-for-his-own." For although Mr. Schlüter has added 15,000 jobs in the state medical service and raised unemployment benefits, he also has advocated partial payments for some services and freedom to choose between private and government medical and pension programs.

Per S. Møller, a Conservative parliamentary leader, responded that Mr. Schlüter, 56, still supports the basic idea of the welfare state — "higher taxes and fewer social problems than they have in the United States." But he said Mr. Schlüter also stands for a number of ideas that are being attacked from the left.

In addition to an economic policy that has been called "watered-down Thatcherism," these include continued membership in the North Atlantic Treaty Organization and the European Community and the tighter fiscal policies that have reduced the domestic budget deficit and increased "efficiency" and "choice" in welfare programs.

American officials have been nervous about opposition to NATO membership in particular and nuclear weapons in general by the Social People's Party, the country's fastest growing leftist party. Its growth is fed by the "identity crisis" in Mr. Jørgensen's Social Democrats.

Once Denmark's dominant party, the Social Democrats have been going through a transitional trauma like that of the Democrats in the United States and the Labor Party in Britain.

With 16 parties on the ballot for 179 seats in parliament, the Folketing, no one is quite sure whether Mr. Schlüter's four-party, center-right coalition will sustain its bare working majority of 90 seats.

But compromise is the theme of Danish politics. On 56 issues in his five years in office, Mr. Schlüter has lacked a majority, but his government survived by general agreement that no one else ought to be prime minister until he decided to call this snap election four months before the end of his term.

Even the Socialist People's Party says it will swallow its opposition to NATO and the EC in the interest of forming a governing socialist coalition should they and the Social Democrats win enough seats to form a majority.

This is relaxed, enlightened coalition politics in a country comfortable with its existence on the Nordic seashore between the superpowers. The mellow mood prevailed Sunday at the candidates' debate. Mr. Jørgensen made a gentlemanly attack on Mr. Schlüter's failure to make a dent in the country's \$40-billion foreign debt, much of which he inherited from Mr. Jørgensen's party.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

179 seats in parliament, the Folketing, no one is quite sure whether Mr. Schlüter's four-party, center-right coalition will sustain its bare working majority of 90 seats.

But compromise is the theme of Danish politics. On 56 issues in his five years in office, Mr. Schlüter has lacked a majority, but his government survived by general agreement that no one else ought to be prime minister until he decided to call this snap election four months before the end of his term.

Even the Socialist People's Party says it will swallow its opposition to NATO and the EC in the interest of forming a governing socialist coalition should they and the Social Democrats win enough seats to form a majority.

This is relaxed, enlightened coalition politics in a country comfortable with its existence on the Nordic seashore between the superpowers. The mellow mood prevailed Sunday at the candidates' debate. Mr. Jørgensen made a gentlemanly attack on Mr. Schlüter's failure to make a dent in the country's \$40-billion foreign debt, much of which he inherited from Mr. Jørgensen's party.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

Mr. Schlüter, for his part, used his television time to deny the hottest rumor among the Copenhagen intelligentsia — that he and Mr. Jørgensen would set aside their differences to form a centrist coalition freezing out extremes of left and right.

"There is no way that can ever happen," Mr. Schlüter said, setting the stage for an election in which, when it comes to parliamentary coalitions, anything can happen.

WORLD UPDATE

Now Share Tax

The new tax system is expected to be implemented soon. The new tax system is expected to be implemented soon.

End of Battle

The battle for the city of Baghdad is expected to end soon. The battle for the city of Baghdad is expected to end soon.

The battle for the city of Baghdad is expected to end soon. The battle for the city of Baghdad is expected to end soon.

The battle for the city of Baghdad is expected to end soon. The battle for the city of Baghdad is expected to end soon.

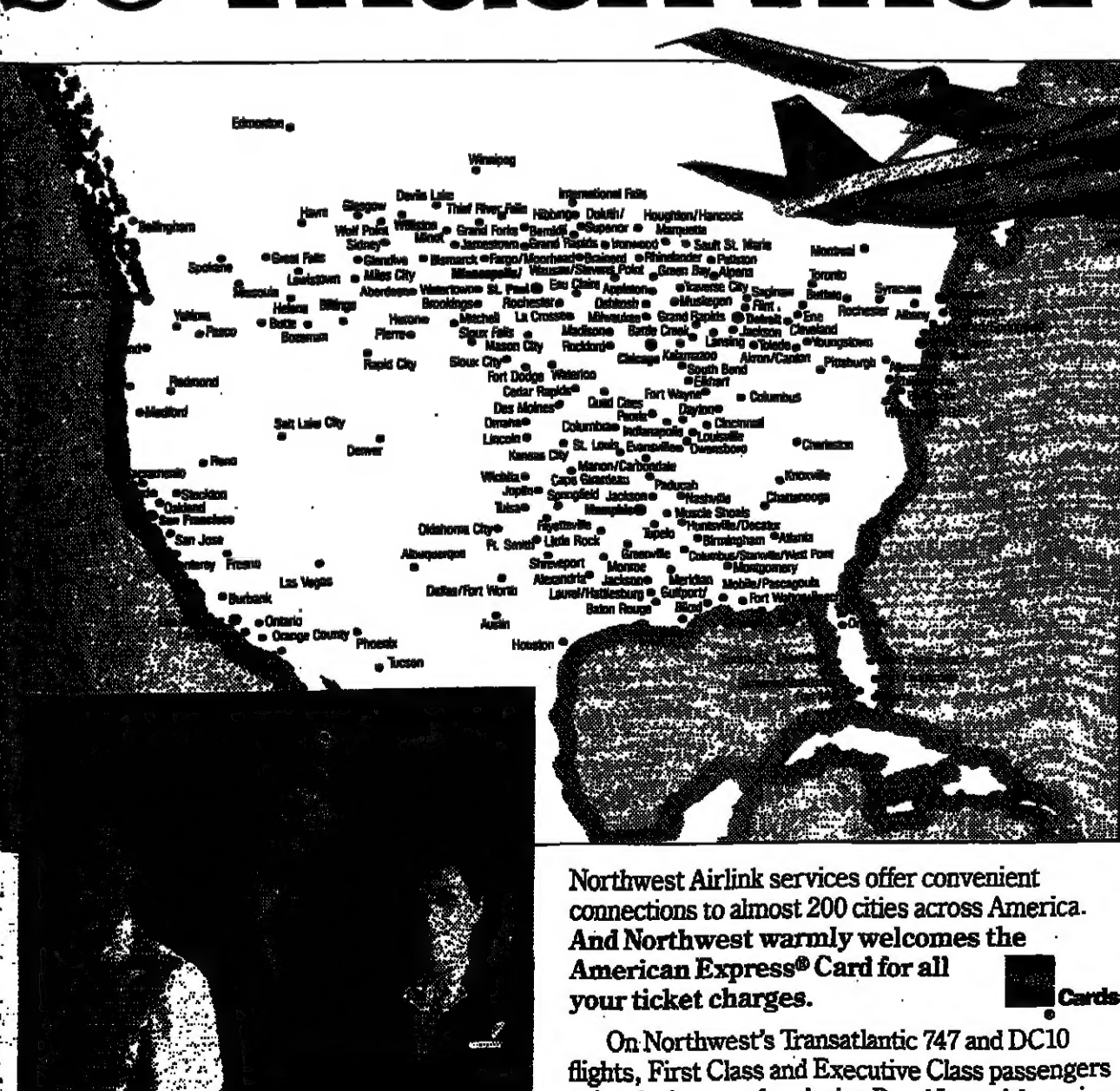
The battle for the city of Baghdad is expected to end soon. The battle for the city of Baghdad is expected to end soon.

The battle for the city of Baghdad is expected to end soon. The battle for the city of Baghdad is expected to end soon.

The battle for the city of Baghdad is expected to end soon. The battle for the city of Baghdad is expected to end soon.

The battle for the city of Baghdad is expected to end soon. The battle for the city of Baghdad is expected to end soon.

Look who gives you so much more of America.



This year, Northwest is offering more transatlantic flights than ever before from eight major European airports — Copenhagen, Dublin, Frankfurt, Glasgow Prestwick, London Gatwick, Oslo, Shannon and Stockholm. Through the gateway cities of Minneapolis/St. Paul, Boston and New York, Northwest's US domestic network and

At London Gatwick and at airports across the USA, there are Northwest "WORLDCLUB" lounges where you can relax in comfort between flights. First Class and Executive Class passengers can use these facilities free of cost on the day of travel. And Northwest is pleased to accept the American Express Card to charge full "WORLDCLUB" membership.

Now is the time to apply for the American Express Card.

Call us! For details of Northwest flights, fares and special promotions in your area, contact your travel agent or call any of the following Northwest offices:

London 01-629 5553	Geneva 22-45 29 30	Paris 1-42 25 74 36
Amsterdam 020-26 31 61	Glasgow 041-226 4175	Rome 06-4757 957
Athens 01-324 0233	Helsinki 90-601 066	Riyadh 01-477 0190
Bahrain 258948	Jeddah 02-6652470	Shannon 061-62555
Brussels 02-218 62 62	Manchester 011 880-4222	Stockholm 08-14 38 80
Copenhagen 01-14 58 99	Manchester 061-499 2471	Tel Aviv 03-295 133
Dhahran 02-2548342	Milan 02-855 932	Vienna 0222-6128709
Dublin 01-777 66	Moscow 701333	Zurich 01-261 3000
Frankfurt 069-25 43 44	Oslo 02-11 20 30	

Or contact any of the American Express Travel Service or Representative Offices at over 1400 locations worldwide.

Look to us. NORTHWEST

Herald Tribune

Published With The New York Times and The Washington Post

The Monetary Challenge

International finance officials are traveling again. Cynics would equate their mileage with the volatility of exchange rates. An official briefcase and a worried look speak volumes to the money markets.

Recent months have not been happy for those who seek exchange rate stability. Despite support from central banks, an increase in American interest rates and rising tension in the Gulf (which would normally strengthen the dollar because it is thought a safe haven in times of trouble), it has been hard to keep the dollar above 1.80 Deutsche marks and 140 yen, the supposed low points for those who believe in exchange rate targets. Last February's undertaking in Paris to try to keep currencies roughly stable after a bewilderingly bumpy ride (in two years the dollar fell nearly 50 percent against its West German and Japanese counterparts) has proved fiendishly hard.

This volatility exerts a major depressive effect on the world economy. Exporters and importers can cover themselves by forward transactions. But what firm is going to make bold long-term investment decisions — on which future prosperity and growth depend — in total ignorance of the value of its currency against that of the world's largest economy?

The game has changed for those responsible for maintaining order in the exchange markets. The fixed rate system inaugurated after World War II proved unworkable, after a successful quarter of a century, for two reasons. First, private flows of funds back and forth across frontiers increased hugely as corporate liquidity grew, exchange controls were relaxed (because they proved unenforceable) and technology created round-the-

clock trading — the exchange market on which the sun never sets. Second, the disciplines which more or less impelled governments to avoid vast extravagance broke down, with America emerging as a persistent deficit country. Unlike its smaller brethren, the United States has been able to run trade deficits that would have brought others to their knees because of the size and sophistication of its capital market. So discipline went out the window.

If exchange rates are no longer to be unruly and unrulied, who should rule what? Attempts to tame the animal spirits of private operators appeal to some, but the record and the prospects are poor. As soon as one channel of disturbance is blocked, another opens up. Japan recently tried to stop its banks from speculating against the dollar through moral suasion — the old-fashioned practice of jawboning. The fruits may be short-lived if profit considerations point the other way, and the likelihood of other countries succeeding in this course is slight.

If governments want to control the present muddle, they have to control themselves and in particular their mutually contradictory macroeconomic policies. Discipline is unlikely to be restored without changing the existing but virtually nonexistent rules of the International Monetary Fund, so as to impel deficit countries to curb their extravagance and surplus countries to acknowledge their responsibilities. A very small start has been made with the European Monetary System, but the world needs to think bigger. It is time to restart the talks on systemic reform that broke down with the first oil shock. This month's IMF meeting should launch a new attack.

INTERNATIONAL HERALD TRIBUNE.

Why Spend on Allies?

Dear Donald Trump:

Your recent letter to the American people, printed as an advertisement, makes a compelling case: America spends billions protecting friends and allies who are thus freed to build up their economies while the military burden sinks America's. That view needs airing because it is widely shared — and because it rests partly on shaky foundations.

The figures support your case. The United States spends about 6 percent of its gross national product on defense, while its West European allies average about 3 percent and Japan 1 percent. Meanwhile, American economic and political power is slipping, especially relative to those allies.

But whose interests are Americans really protecting? The United States was not ensnared into its military commitments by ally allies out to best her economically. From post-World War II alliances to recent commitments in the Gulf, the choices have been made with American interests in mind.

Your letter assumes that others share these interests and read situations just as America does. If they were not allowed to freeflow, you imply, they would do whatever we are doing, or pay us to do it. Yet West Germans and Japanese have their own perspectives. They are more worried about their own economies than any imminent Soviet threat; many fear that their own military buildups might spur a Soviet response. In any event, they don't have the power to counterbalance Moscow. Only the United States does.

Donald J. Trump, 41, is a Manhattan real estate developer who placed full-page advertisements in major American newspapers last week to air his foreign policy views.

Flat Wages in America

American workers used to be able to assume a rising standard of living; each year would be better than the last. They can no longer be so confident. Wage rates in the society are flat and have been for some time. The question is whether this is an aberration or the new permanent condition. Although masked by other numbers pointing to prosperity, the change has been dramatic. From 1947 to 1967 the average hourly wage adjusted for inflation — the value of an average hour's work — rose by 58 percent. Since 1968 the figure has been essentially unchanged. It rose until the first oil shock of 1973-74, then fell back; today it is precisely where it was in 1968.

Families have compensated. More women are working and having fewer children, so that the ratio of workers to dependents has changed. The elderly are better supported by Social Security, wages fell behind inflation in the 1970s, but benefits were indexed and did not. Thus the family and per capita income figures do not reflect what has happened.

But while families are gaining, workers are spinning their wheels. According to economists Frank Levy and Richard Michel, the average 30-year-old man in 1949 had an income of \$12,000 in 1964 dollars. By the time he was 40, his income in these inflation-adjusted terms exceeded \$18,000, and by the time he was 50 it was more than \$24,000. The pattern continued through the 1960s. The average man who was 30 in 1959 had an income of nearly \$17,000, then, and more than \$25,000 by 1969. But then it fell apart. The typical 30-year-old man in 1973 had an

income of just over \$23,000; 10 years later it had not changed. The typical 40-year-old had just over \$28,000 in 1973; 10 years later he had lost ground and was earning \$24,100.

No one knows all the reasons. The oil shocks played a major part, accelerating inflation while reducing and creating enormous shifts in demand. Loss of markets to lower-wage competitors abroad has also been a factor, as may be the continuing shift to a service economy. There has been a crowding of the labor force through the simultaneous entry of the baby boomers and more women workers. This may have helped bid down the price of labor; it also means that a greater percentage of workers are young and still on the lower rungs of the wage ladder. Atop all this tumult, to some extent reflecting it, has been a decline in productivity. For many reasons, which are much debated, average hourly output is not rising as fast as in the past — and that is the final determinant of standard of living.

The interesting thing about most of these factors is how little they seem to have to do with the remedies of conventional politics. Bills are pending in Congress to raise the minimum wage, which has not been raised since 1980. We are in favor, as a matter of simple justice, but it is only an ameliorative device; no one should think it will transform the economy. So also with the workable parts of the trade bills that the two houses have passed. The worst news for American workers may not be weak wages but how little is understood about how to strengthen them.

— THE WASHINGTON POST.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1988-1992

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER, Co-Chairmen

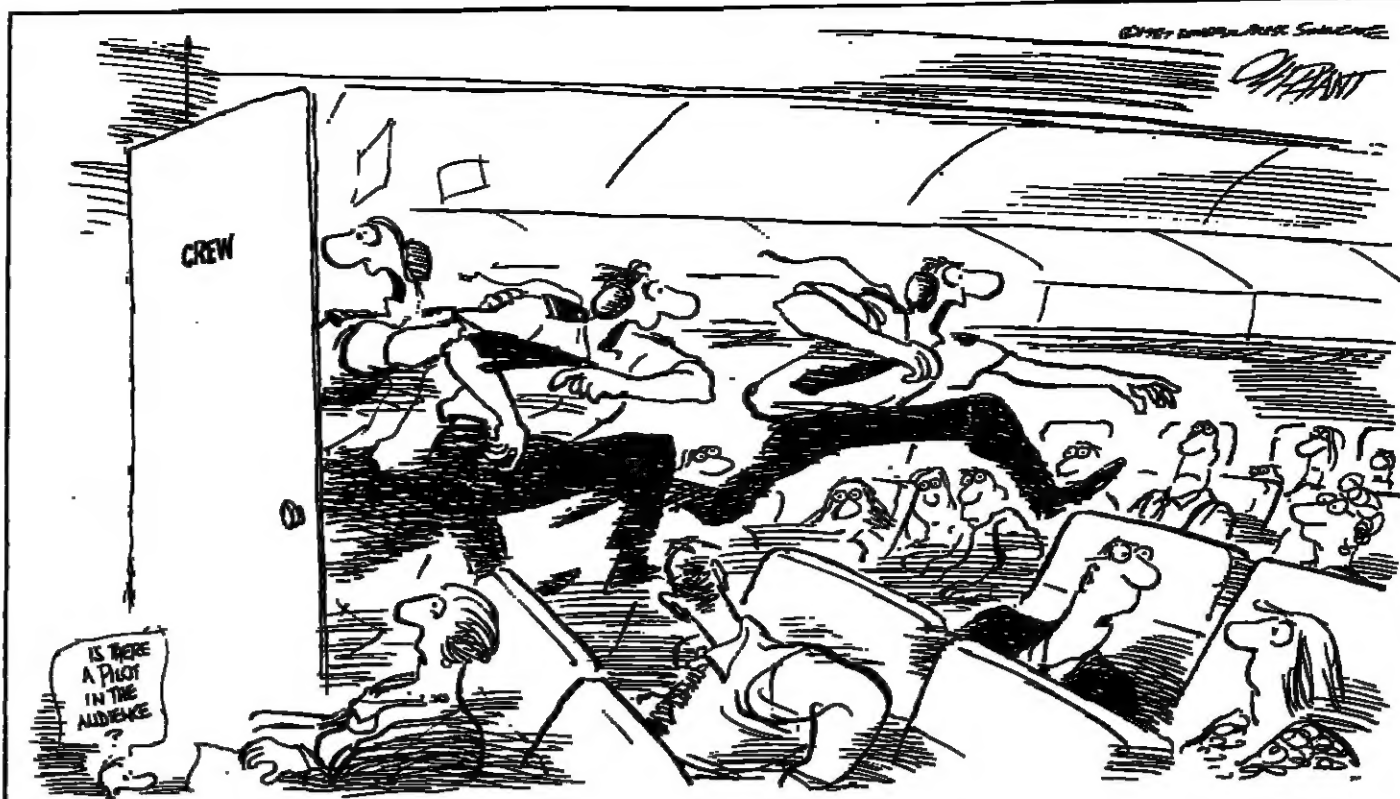
LEE W. HUBNER, Publisher

JOHN VINOCUR, Executive Editor; WALTER WELLS, Editor; SAMUEL A. KATNER, Associate Editor; CHARLES MITCHELLMORE, Deputy Editor; CARL GEWIRTZ, Associate Editor; ROBERT J. DONAHUE, Editor of the Editorial Pages

RENÉ BONDY, Deputy Publisher; ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers; FRANÇOIS DESMAISON, Circulation Director; ROLF D. KRANENBUHL, Advertising Sales Director; International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

Directeur de la publication: Walter N. Thayer.

Editor for Asia: Michael Richardson, 3 Camerbury Rd., Singapore 0511. Tel. 472-7768. Telex 856028. Managing Dir. Asia: Michael Richardson, 30 Gloucester Road, Hong Kong. Tel. 5-810616. Telex 01170. Managing Dir. U.K.: Robin MacKintosh, 61 Long Acre, London WC2E. Tel. 836-8802. Telex 002020. Gen. Mgr. W. Germany: W. Lautbach, Friedrichstr. 15, 1000 Frankfurt/M. Tel. (069) 726753. Telex 416721. Pres. U.S.: Michael Coway, 800 Third Ave., New York, N.Y. 10022. Tel. (212) 732-3890. Telex 421715. S.A. pu capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337. © 1987, International Herald Tribune. All rights reserved. ISSN: 0294-8652.



Airline Deregulation: Europe in a Holding Pattern

By Giles Merritt

BRUSSELS — The closing months of this year were to have seen Europe's long-promised "freedom of the skies" become reality. But in midsummer the European Commission's efforts to deregulate civil aviation stalled unexpectedly, and now there is only a lengthening list of unanswered questions about the speed and scope of its next initiative for liberalizing air transport.

Before going any further, perhaps the Commission and the European governments should take stock of the situation. They might find useful lessons in the American experience.

It has been nine years since the United States scrapped the restrictions that had bound civil aviation and discouraged free competition. It was a bold move that has been held up as a model for the rest of the world, and particularly for Europe.

Yet doubts about the wisdom of such an abrupt, radical liberalization are suddenly being voiced on all sides. Americans are alarmed that air safety is lax, and they seem puzzled that deregulation has led to the big airlines becoming bigger still. People are beginning to see that the power of the new mega-airlines to fix fares artificially high may result in American travelers paying more on hub-to-hub medium- and long-haul routes than they did before deregulation.

There is a growing fear that deregulation has brought chaos to the skies. A recent spate of aerial near collisions has focused attention on route overcrowding and a chronic shortage of air controllers. There is also a swelling chorus of complaints about overbooking, sloppy time-

keeping and deteriorating service. The small independent airlines have taken the brunt of the criticism.

In short, U.S. deregulation appears to be backfiring on the traveling public. If so, should not Europe be tailoring its liberalization plan to adopt the best of the American measures while avoiding the worst?

There is much to be said for watering down U.S.-style deregulation when opening Europe's skies to free competition. This view, perhaps surprisingly, is voiced by Cathal Ryan, one of the independent airline chiefs now challenging the monopoly privileges of Europe's national airlines.

Mr. Ryan is the Irish entrepreneur who heads London European Airways. Since May he has been offering scheduled, unrestricted fares

between Dublin or London and Brussels or Amsterdam at half the cost of a ticket from a big airline. Nothing succeeds like success, and Mr. Ryan has now lodged route applications from London to Paris, Frankfurt, Nice, Düsseldorf, Zurich, Vienna, Belfast and Glasgow. "Europe awaits us," he says of his airline and the other independents eager to challenge the flag carriers.

Mr. Ryan is wary of U.S.-style deregulation in Europe. He notes that in the American industry, it was the smaller fry that suffered, not the big airlines. Once the takeover turmoil had died down, it became clear that the medium-sized independents had been gobbled up by the new mega-carriers. The U.S. industry is now polarized into giants and tiny "feeder" airlines.

"TWA, Pan Am and United are still there," Mr. Ryan says. "The only difference is that they're stronger than ever. So what will happen now? Do you suppose fares will go down?"

The situation in Europe, meanwhile, is very unclear. The EC Commission recently warned 13 major European airlines that it will no longer permit route-sharing, price-fixing, cartelization. The Commission's deregulation package failed to be adopted in July by the EC Council of Ministers; it foundered on the Rock of Gibraltar — specifically, in a British-Spanish dispute over Gibraltar's status as a "regional" British airport. But Competition Commissioner Peter Sutherland is not giving up.

Brussels says that it will use its watchdog powers under Article 89 of the Treaty of Rome to prevent the major airlines from entering further pool arrangements designed to keep fares high. The competition authorities also will police any capacity-sharing deals to ensure that they are not being used to squeeze out newcomers and smaller competitors.

Mr. Sutherland would prefer not to operate Europe's air transport deregulation on such an ad hoc basis. He hopes that London and Madrid will patch up their quarrel quickly and clear the way once more for deregulation to be enshrined in Community-wide law.

The risk now seems to be that Europe will indeed be spared the rigors of U.S.-style deregulation, but possibly not in the ways that champions of free competition would wish. Unless Europe's new go-getting independent airlines are allowed to fly where and when they want, the Community will never have to wrestle with problems of overcrowded skies or airline merger mania. For they are problems born of expansion and success.

International Herald Tribune.

Deregulation Isn't to Blame

WHY are airline fares skyrocketing in America? Why is service going to the dogs? Why do some pilots find the right runway or even the right airport? Why are some planes flying into the flight paths of others? The fashion is to blame deregulation. Yet the problem lies not in deregulation but in the Reagan administration's failure to enforce antitrust laws and build up safety regulation and oversight.

The initial results of the 1978 deregulation of routes, rates and entry were impressive. The number of scheduled carriers nearly tripled. Fares fell 13 percent on average, in inflation-adjusted terms. The proportion of travelers flying on low-cost discount fares rose from 48 to 80 percent by 1982. And air travel expanded at significantly higher annual rates.

Why, then, the current disenchantment? Deregulation is not synonymous with laissez-faire anarchy. If regulations barring entry to the industry are dropped and price regulation is abandoned, then they must be replaced with another regulatory mechanism — competition. And this requires that government enforce antitrust laws so that competition is not subverted by unrestrained mergers and oligopolistic collusion.

The Reagan administration has tolerated the most widespread merger movement in the industry's history. Ideological zeal has contributed to safety problems. Safety regulations should receive increased attention in a deregulated environment, but the administration seems a hostage to an extremist notion of laissez-faire.

— Walter Adams, professor of economics at Michigan State University, and James W. Brock, associate professor of economics at Miami University in Ohio, writing in *The New York Times*.

The Public Interest Loses

WALTER Adams and James W. Brock (see previous item) contend that the airlines mess does not arise because of deregulation but because of the Reagan administration's failure to enforce antitrust laws. To me, that is a distinction without a difference. The important point is that the system is not working now, whereas it did when the government was able to impose certain economic, safety and service requirements.

Deregulation was supposed to promote healthy competition. It has done the reverse: A few big carriers

dominate America's major airports and routes and control the availability of airport terminal gates. How many times have you landed safely (knock wood), only to sit on the airport tarmac, the plane burning off valuable fuel (you pay for it, eventually) while the pilot waits helplessly for a gate to clear?

What the public deserves is safe air transportation. That means adequate, reliable service at a fair price, from an economically healthy industry. It will take the reestablishment of government supervision to ensure that the public gets that kind of airline service. There is, after all, something called "the public interest."

— Hobart Rowen in *The Washington Post*.

Enforce the Antitrust Laws

AIRLINE deregulation was never meant to restrict enforcement of the antitrust laws. If the Department of Transportation begins to enforce these laws, it will still be possible to enjoy the benefits of deregulation without suffering the costs of uncontrolled monopoly pricing. Some suggestions: Force divestiture of computer reservation systems that give a preference to the airlines that own them; require that the frequent-flyer mileage awarded by an airline be transferable among consumers; stop approving mergers among major carriers. Re-regulation is not the answer.

— Severin Borenstein, associate professor of economics at the University of Michigan and a consultant to America West Airlines, in *The Washington Post*.

The Public Requires Proof

LAST year the conservative Heritage Foundation and the liberal-oriented Brookings Institution both issued reports saying that the goal of airline deregulation — to engender competition, helping consumers both on service and on ticket prices — had been substantially achieved, and deregulation had saved air travelers \$6 billion a year. But in recent months it has become obvious that deregulation is not an unmitigated success story. Industry spokesmen say that fares are leveling off and the big airlines now in existence will begin competing in service. Maybe they are right. But if the proof is not forthcoming in the next few months, the logic of re-regulation will become overwhelming.

— Ernest Conine in the *Los Angeles Times*.

International Herald Tribune.

Nicaragua: A Signal to Reagan From the Kremlin?

By Tad Szulc

WASHINGTON — In an artful stroke of geopolitical irony, Mikhail Gorbachev seems to be presenting Ronald Reagan with a powerful incentive to extricate the United States from the Nicaraguan morass and to advance toward a Central American settlement.

By President Reagan, because of his ideological convictions, either has not read the signal correctly or has chosen not to respond with an immediate diplomatic approach that could start breaking the logjam.

The signal was the dramatic but little noticed announcement in mid-August that the Soviet Union would curtail oil shipments to Nicaragua instead of increasing them, as Managua asked. By late August the curtailment had spawned a severe new crisis in the battered Nicaraguan economy, with the Sandinist regime doubling gasoline prices and further tightening gasoline rationing for private vehicles.

The minister of foreign cooperation, Henry Ruiz, has warned that for Nicaragua "oil is of key strategic importance." He added, "Worst of all, there would be no need for national defense" without oil.

Key Communist officials in Eastern Europe, Managua and Washington are interpreting the oil cutback to mean that the Kremlin, having concluded that the Sandinists have become an overall political liability, has resolved to bring cutting them off.

Boris Yeltsin, first secretary of the Moscow Communist Party organization and a Gorbachev ally, privately conveyed that message during a visit to Managua last March.

Moreover, Soviet military assistance to Nicaragua, which the Pentagon says reached a record 20,000 tons of matériel in 1986, would drop sharply if a Central American political settlement were achieved.

A senior Communist diplomat dropped the other day. "If we can drop the Sandinists, you Americans can drop the contras, and we can go for a negotiated Central American solution," President Fidel Castro of Cuba, whom the Sandinists love, said. Daniel Ortega, visited in Havana in mid-August, is known to share the Soviet desire to see the region stabilized.

In 1985 Mr. Castro told me in Havana that there was no alternative to a Nicaraguan political settlement. He said that while the contras had no chance of success, Cuba had no military means to defend the Sandinists from a direct U.S. attack. He said he doubted that Washington wished to cause a bloodbath and he felt the deadlock must therefore be broken through diplomacy. Today the convergence of events may make successful diplomacy possible — if the White House agrees to participate.

Explanations for the Soviet attitude are easy to discern. First, the Sandinist revolution, in its ninth year, is clearly not a Marxist-Leninist success. Thus Nicaragua is no longer an inviting strategic investment for the Russians, who nowadays are much more careful about using their resources.

Second, since Mr. Gorbachev is entering into a new relationship with Washington with the expected agreement on the mutual removal of intermediate-range nuclear missiles in Europe and Asia, he does not need a potentially confrontational situation to arise in Central America.

The Sandinists must face the cruel world of the selfish superpowers, as Mr. Castro discovered 25 years ago when Moscow removed its missiles from Cuba to avert an armed confrontation with the United States.

Finally, the curtailment of oil supplies coincides with the peace plan signed on Aug. 6 by the Central American presidents, including Mr. Ortega. The plan, which apparently irritates the Reagan administration because it was unexpectedly accepted by Managua, is the central element in the evolving diplomatic equation to end the Central American conflicts by Nov. 7, along with implementation of agreements on the cessation of all foreign assistance to rebel movements, amnesty for rebels who lay down arms and internal democratization. The broad objective is direct negotiations among all the parties, including the United States, Cuba and Nicaragua.

Given the sterility of its anti-Sandinist efforts in the last seven years, the White House could profit from constructively responding to the mutual disengagement ploy implicit in Mr. Gorbachev's move.

As Viron P. Vaky, former assistant secretary of state for inter-American affairs, wisely remarks in the current issue of *Foreign Policy*: "The Soviet Union may well have no desire to challenge the U.S. on its own turf; in fact, recent indications, such as the decision to sharply reduce oil shipments to Nicaragua, suggest that Moscow may wish to distance itself from the Sandinists. If that is the case, Washington should make it easier for Moscow to disengage, not harder."

President Reagan, however, appears determined to make it harder for everybody to disengage because of his ideological concerns. Thus he forced out Ambassador Philip Habis, his special Central American envoy, for advocating immediate talks with Managua after the unveiling of the peace plan. (The United States

broke off direct negotiations with Nicaragua two years ago).

While the Sandinists have already made several internal political concessions, President Reagan demands full democratization before a cease-fire, insisting on talks between the Sandinists and the contras despite the fact that Managua cannot grant political equality to its foes.

Thus the United States may be missing a chance to achieve a quick, peaceful solution in Central America. In addition, it may not occur to Mr. Reagan that the wily Mr. Gorbachev is being handed a propaganda victory.

Mr. Szulc writes frequently on Latin American affairs. He contributed this column to *The New York Times*.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Suffragist Protest

LONDON — The latest outbreak of Suffragist activity is a demonstration at Balmoral. In the darkness of the night [on Sept. 6] some Suffragists managed to elude the police guards and penetrate to the golf course. There they removed the white and red flags from the holes, substituting others of their favorite purple tint which bore inscriptions characteristic of the movement. One of these ran: "Cabinet Ministers! Stop forcibly feeding women!" Another inscription was: "Votes for women means peace for Cabinet Ministers." A more serious aspect of the raid was the desecration of a fountain, where the invaders had painted the words: "Cabinet Ministers are responsible for the present actions." It is presumed that the Suffragists got into the police lines during the day and hid in the shrubbery until darkness.

1937: Mussolini Waits

ROME — The Italian government failed to give a reply [on Sept. 7] to the Franco-British invitation to the anti-piracy conference scheduled in Sept. 10. It seems that the first news of indignation aroused here by the Soviet accusation of France as having passed the line of neutrality in the Chigi are studying with more care whether it would be better for Italy to refrain from attending the party or to go and make a counter-attack against the Soviets' activity in the Mediterranean. The Soviet government, only hours before France and Britain officially invited Italy to Sept. 5] to the anti-piracy conference formally accused Italy of attacking and sinking two Russian ships and demanded indemnity and punishment of the culprits. No decision on attendance will apparently be taken by Premier Mussolini before tomorrow.

A Last Lap, In Tandem With Baker

By Lou Cannon

WASHINGTON — President Reagan's long vacation over, and he is about to embark on what the White House spokesman Martin Fitzwater calls "the busy month of his presidency."

Some might say that Mr. Fitzwater is damning with faint praise. But Mr. Reagan will certainly be busy enough by any standard during the week ahead as he tries to write a satisfying final chapter to the disappointing story of his second term.

The highlights of that chapter, according to the White House, will be a U.S.-Soviet treaty eliminating medium-range nuclear weapons and Senate confirmation to the Supreme Court of Judge Robert Bork. The anticipated subplot includes an attempt to muddle through in Nicaragua while the contras remain in existence as a fighting force.

This twilight chapter has two potential heroes, and both are on its spot. One is the president, fresh from his Santa Barbara ranch and obviously eager to do battle with adversaries ranging from the Sandinists to erstwhile friends on the Republican right who suspect that he has gone soft on communism in his doghouse.

Friends say Mr. Reagan has privately expressed frustration and anger at the intensity of the firestorm. He complains that some conse-

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

Reagan faces three major challenges in striving to end his term on an upbeat.

OPINION

Let's Cut the Nativist Bigotry Out of the U.S. Constitution

By William Safire

WASHINGTON — I want to be a delegate to the next constitutional convention (Con Con II). Here is my platform: Amend the constitution to make it possible for naturalized citizens to become president or vice president of the United States.

The present, blatantly discriminatory eligibility clause is a blot on the national conscience and an anachronistic offense to conscience. "No Person except a natural born Citizen," reads Article II, Section 2, "or a Citizen of the United States, at the time of the Adoption of this Constitution, shall be eligible to the Office of President."

Who slipped in that nativist bigotry at the convention 200 years ago? We have

ESSAY

no documentary clues to the intent of those who framed the constitution, but a letter from John Jay to George Washington shows a genesis in an obsessive concern for national security.

"Permit me to hint," wrote Jay, an aristocrat who later served as the first chief justice, "whether it would be wise and seasonable to provide a strong check to the admission of foreigners into the administration of our national government and to declare expressly that the commander in chief of the American Army shall not be given to, nor devolve on, any but a natural born citizen."

In other words, don't trust any of those sneaky foreigners to command our army. Of course, when Jay's idea was written into the Constitution, the framers took care to exempt themselves:

Whether born in America or elsewhere, all were born subjects of what became "foreign" governments, and not until Martin Van Buren in 1836 was there a "natural born" president.

As a result of Jay's xenophobia, eight million full-fledged U.S. citizens are today denied the opportunity to seek the

Presidential Timber?

THE PRESIDENT of America's choice for president in 1988: Male, Conservative, White. Under 65 years of age. A U.S. senator. Not a millionaire.

The résumé of a presidential also-ran: Female. Black. A minister. Older than 65. A millionaire. Never held office.

Those profiles emerged from a Washington Post-ABC News poll this summer. It found that one-fifth of Americans would be less likely to vote for a black president, while slightly more than one-fourth said they would be less likely to vote for a woman. Being black was viewed as positive by 8 percent; 10 percent would favor a woman.

— Richard Morin, The Washington Post

highest office in the land. The 3 percent of the population who are Americans by choice may aspire to serve as speaker of the House or senator or chief justice, or to hold ultrasensitive posts like chairman of the joint chiefs of staff or national security adviser — but when it comes to the brass ring of politics, the constitution relegates these naturalized citizens to second-class status.

The "natural born" phrase unfairly burdens children of Americans born abroad (as it did Governor George Romney in 1968): it casts a shadow on any candidacy. If elected, the president-elect surely would face a court challenge.

That means Senator Rudy Boschwitz of Minnesota is blocked from advancement because he was born in Berlin, and Senator Lowell Weicker of Connecticut because he was born (of American parents) in Paris. Governor John Sununu of New Hampshire, whose U.S. parents were in Havana when he was born, and Governor Madeleine Kunin of Vermont, born in Zurich and naturalized 40 years ago, can forget about higher office.

Other citizens distinguished in their fields silently bridle at their political limitation. The economist and former Ambassador John Kenneth Galbraith is out as a potential president because he is from Canada. Henry Kissinger, under whom two U.S. presidents served, is from Germany, and Felix Rohatyn, financial advisor of New York, is from Austria.

My newly retired colleague, James Reston, could never entertain secret dreams of power because he was born in Scotland, and my new Op-Ed Page colleague, A.M. Rosenthal, cannot occupy Lincoln's bedroom because he came from Canada. (My other columnist sidekick and I are constitutionally clean but do not expect lightning to strike.)

Why do Americans allow Jay's outmoded suspicion to dry up their talent pool and insult their most valuable import? A reasonable residency requirement is understandable, as is the 35-year age requirement. But the dead hand of the present should not lay on the future: Let tomorrow's voters decide who they want to be their president.

A few years ago, Senator Thomas Eagleton dropped a bill in the hopper to amend the constitution: "A person who is a naturalized citizen of the United States and who is otherwise eligible to hold the office of president or vice president shall be eligible to hold such offices after being a United States citizen for 11 years."

The proposed resolution died in committee, demonstrating that the Congress is loath to rise above nativism on this issue. The other route provided by the framers to change the constitution is through the states and a new convention. On to Con Con III!

The New York Times



LETTERS TO THE EDITOR

An Imported Scotch on Antarctic Ice? Don't Exaggerate

Regarding "Pursuing Fads in Japan" (Aug. 19) by Clyde Haberman:

I am writing you by hand because I could not wait until my return to the United States to comment on this shockingly misleading article. It grossly mischaracterizes Japan as a country of consumers with more money to spend than is reasonable to maintain a decent living standard. As an American traveling and visiting friends in Asia, I can only compare their standard of living to mine. By that yardstick, there is little doubt in my mind that the living standard in Japan is far, far below that in America.

The article describes electronic bread-makers as "one of the hottest consumer items" in Japan. My Japanese friends estimate that fewer than one-fourth of all households have such machines. Contrast that with microwave ovens, something very few Japanese households have but which seem to be a part of every American kitchen.

The author refers to expensive imported Scotch and to ice from the Antarctic, implying that these are typical objects of Japanese frivolity. Yet these are not commonly purchased items: the typical Japanese does not have great amounts of money to spend on luxuries.

Most businessmen and travelers know that living in Japan is expensive, especially in the Tokyo area. What many do not know is that salaries are not commensurately higher. A friend of mine, an investment banker for Merrill Lynch in Tokyo, earns a flat salary of about \$40,000. In New York, investment bankers are starting at \$50,000 to

\$75,000, with bonuses on top of that.

In light of a decline in the American standard of living, the self-centered tendency to point a finger at Japan is explainable. It is not forgivable.

SHI-LING HSU, Hangzhou, China.

Through the Back Door

We commend the proposal by Paul Leventhal and Milton Hoening to use tritium production as a highly visible method of arms control and stockpile reduction ("Cut Nuclear Arsenal With the Tritium Factor," Aug. 5).

Plutonium production was once similarly seen as an enforceable gauge of arms control. On April 30, 1964, U.S. and Soviet leaders jointly announced an end to its military production. The British prime minister made a similar statement the next day.

But in the ensuing five years, as is now officially admitted, the U.S. and British governments circumvented this by exporting from Britain to the United States for military purposes the whole of the plutonium production of the British civil nuclear program, officially some 4,000 kilograms (8,800 pounds). Though the British government denies it, reliable unofficial figures strongly suggest that an additional 2,700 kilograms of the civil production was subsequently exported to America for military ends.

The U.S. and British governments made their agreement to divert British civil plutonium five years after President Eisenhower announced a policy of "At-

oms for Peace." When the diversion was at its height, the United States and Britain, as signatories of the Nuclear Non-proliferation Treaty, invited other nations to bind themselves not to do what America and Britain were at that moment doing on a large scale: diverting civil plutonium to military purposes.

If tritium production is to be controlled, this precedent will have to be taken into account.

In addition, Britain has a tritium production plant at Chapelcross in Scotland that has been operational since 1980. Any agreement between the United States and the Soviet Union in regard to tritium production will have to include such secondary sources as Chapelcross if it is to be enforceable.

DAVID LOWNY, Director, ROSS HESKETH, President, European Proliferation Information Center, London.

Patterns of Expansion

In "For Now, Soviet Jets Are Half an Hour Away" (Aug. 27), Arthur Ross and Eric Margolis write: "There is a clear pattern of territorial expansion in Soviet history, particularly southward." Actually, the Soviet borders are everywhere short of the borders of czarist Russia, except for a triangle near Lodz, in what is now Poland, and a strip of the former East Prussia. On the other hand, one could point out that "there is a clear pattern of territorial expansion in U.S. history, particularly westward." Asia had better beware.

HANS KONING, New York.

Ballooning: Above Everything Except the Old Man's Hot Air

By George F. Will

ASPEN, Colorado — By September, when sunshine has bleached all marks previously made by schooling on children, parents seek ways to insulate education into entertainment. Thus the three Will children recently found themselves hanging beneath a hot-air balloon in a wicker basket so small they could not dodge a little learning.

Ballooning, like skiing and sailing, involves collaboration between the in-

dividual and natural forces. Except for periodic bursts from the propane heater, balloonists experience a silence more pure than that of a meadow. And there is the luxurious dependence on wind. It is luxurious because it removes the burden of decision: You go whither the wind tends. Best of all, ballooning gives dad an opportunity to be didactic to a captive audience.

MEANWHILE

As our balloon floats over elk herds on the mountain slopes below, the children, fascinated by the physics, enthralled by the history and awed by the beauty, pepper father with questions: When is breakfast? Where is breakfast? What is for breakfast? To the undisguised dismay of the children, their questions elicit yet another freshet of information from father.

He says that it is a tradition to have wine and food at the end of a balloon voyage. The tradition reflects the fact that when early balloonists, belching smoke, landed unannounced on farmers' fields, the farmers often concluded, not unreasonably, that the balloons were Satan's devices.

The farmers attacked the balloons, and sometimes the balloonists, with pitchforks. So balloonists carried food and drink with which to appease the farmers. Such is mankind's inclination to put all inventions at the disposal of Mars, that even the silent, graceful balloon has been pressed into war service. Balloons were used for surveillance of enemy lines during the Civil War. They were used for getting passengers and mail in and out of Paris when the city was besieged by German forces in 1870.

Furthermore, a word that causes the children to flinch in late 1944 and early 1945 the Japanese launched thousands of bomb-carrying gas balloons high into the jet stream over Japan. Only 283 made the voyage, scattering along the coast of the United States and Mexico. On May 8, 1945, six Oregonians discovered one and became the only people killed on American soil by enemy action in the war.

Warning to his theme, father is about to explain the cultural importance of the fact that until construction of the Eiffel Tower, balloonists were the only people who had seen a city from higher than the highest rooftop. But father subsides, knowing that all information bounces harmlessly off the invisible shells that surround children in summer, protecting them from mental improvement.

However, if around Labor Day you belabor your children with information, they may regard school as a refuge where teaching is at least not attempted by a parent, who is supposed to be a friend and so should not do that.

Washington Post Writers Group.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Call Your Toll-Free Number

FOR THE INTERNATIONAL HERALD TRIBUNE INSTANT SUBSCRIBER SERVICE

HOW TO ORDER: Call your toll-free number below and the global newspaper will start arriving promptly.

Just tell the operator what subscription term you require and how you want to pay. You may pay by invoice, personal check or credit card. Access, American Express, Diners Club, Eurocard, MasterCard and Visa are accepted.

CALL IN YOUR SUBSCRIPTION NOW to get the best value in print plus BONUS ISSUES and the IHT's FREE PERSONALIZED SERVICE.

FREE BONUS ISSUES: You get 52 EXTRA ISSUES of the IHT FREE when you subscribe for 12 months (312 issues). We'll add the extra issues on to your subscription at no additional cost. Subscribe for 6 months (156 issues) and receive 26 FREE ISSUES, or for 3 months (78 issues) and receive 13 FREE ISSUES. See table below.

FREE PERSONALIZED SERVICE: If you're planning extended vacation or business travel, we'll be happy to introduce you to our STOPSTART SERVICE. Just let us know seven days in advance how long you'll be gone. Your subscription will be interrupted for as long as you choose. And we'll automatically extend your subscription upon your return.

HAND DELIVERY: If you live in GERMANY, NORWAY, SPAIN or SWEDEN, don't forget to ask the operator about the IHT's hand delivery service and rates in your country.

Country/Currency	TOLL-FREE TELEPHONE NUMBER	12 months (+52 FREE ISSUES)	6 months (+26 FREE ISSUES)	3 months (+13 FREE ISSUES)	Savings per year
Austria A.Sch.	**	4,800	2,600	1,450	40%
Belgium B.P.	(02) 218 28 68	11,000	6,000	3,300	40%
Denmark D.Kr.	430 00 33	2,500	1,400	770	31%
Finland F.M.	(09) 49 30 30	1,700	950	520	41%
France F.F.	(1) 43 31 28 69	1,500	820	450	41%
Germany D.M.	(089) 29 28 00	500	290	175	41%
Greece Gr.	**	130	72	40	40%
Ireland Ir.	**	22,000	12,000	6,600	45%
Italy Lit.	(02) 245 23 69	150	82	45	45%
Luxembourg L.Fr.	**	380,000	210,000	115,000	42%
Netherlands H.Fl.	(020) 43 41 16	11,500	6,300	3,400	37%
Norway N.Kr.	(02) 41 75 81	650	360	198	40%
Portugal Esc.	**	1,800	950	540	38%
Spain Ptas.	(09) 302 22 82	21,000	12,000	6,600	52%
Sweden S.Kr.	(08) 21 82 75	29,000	16,000	8,500	41%
Switzerland S.Fr.	046 65 30 36	1,800	990	540	38%
		510	280	154	44%

** For the rest of Europe, Africa and the Middle East.

OFFER VALID FOR NEW SUBSCRIBERS ONLY.

Toll-free telephone offer good only through October 12, 1987.

In these countries, hand delivery is available in major cities on the publication date. For details and rates, please ask the operator when you call. If a toll-free number is not available in your country or if you prefer to order by mail, please complete the coupon and send it to the address below.

Herald Tribune

To: Subscription Manager, International Herald Tribune, 181, avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Tel.: 46 37 93 61. Telex: 612832.

Please enter my subscription for:

☐ My check is enclosed. ☐ 12 months (+52 free issues) ☐ 6 months (+26 free issues) ☐ 3 months (+13 free issues)

Please charge my credit card account:

Access ☐ American Express ☐ Diners Club ☐ Eurocard ☐ MasterCard ☐ Visa ☐

Card account number Expiry date Signature

Name

Address

City/Country

Tel./Telex

8-9-87

Discover gold

Obtain a copy of

Honecker Starts His Historic Visit to West Germany

By Robert J. McCartney
Washington Post Service

BONN — Erich Honecker and Chancellor Helmut Kohl discussed human rights and disarmament issues Monday after a military honor guard welcomed Mr. Honecker at the beginning of the first trip by an East German leader to West Germany.

Mr. Kohl, in an after-dinner toast Monday night, urged Mr. Honecker to dismantle the Berlin Wall and to order border guards to stop shooting at East Germans trying to flee to the West.

Mr. Honecker did not respond directly, and he rebuffed Mr. Kohl's suggestions that the two Germans might someday be reunited.

Both sides characterized the talks as a positive step for inter-German relations, but they provided few details at the end of the first day of the five-day visit. The two leaders appeared to be taking a generally cautious approach and sticking to a carefully planned agenda.

Mr. Honecker, 75 years old, achieved a long-held goal when he was greeted at the chancellery in Bonn by nearly all of the top officials normally given to a foreign head of state.

The playing of East Germany's national anthem and the flying of its flag were significant because West Germany technically does not recognize East Germany as a foreign nation.

Chancellor Kohl said Monday evening that West Germany was sticking to its constitutional commitment to seek German reunification.

"We have no doubt that this is in accordance with the wishes, the will and, yes, the longing of people in Germany," Mr. Kohl said.

But the chancellor added that reunification "is at present not on the agenda of world history."

Mr. Honecker, in his toast, emphasized "the realities" of the existence of two independent, sovereign German states.

He added, "Socialism and capitalism are like fire and water." That phrase did not appear in the text that originally was issued to the press and was apparently inserted in response to Mr. Kohl.

In an appeal to Mr. Honecker to revoke the "order to shoot" rule for border guards, Mr. Kohl urged "that the weapons at the border be permanently silenced."

"Violence that hits the defenseless is especially damaging to peace," Mr. Kohl said.

Germans "suffer because of a wall that is literally in their way and repels them," Mr. Kohl said. "In dismantling what divides people, we would heed demands from the Germans, demands that cannot be ignored."

The chancellor also urged a step-by-step removal of all restrictions on travel between the two Germans.

City of Breshner Sour on Its Name

The Associated Press

MOSCOW — The weekly news magazine Ogonyok says dozens of residents of the city of Breshnev have written to local Communist Party officials asking for a return to the city's old name.

Naberezhnye Chelny, an industrial city of 460,000 in the Tatar region west of the Ural Mountains, was renamed after the death in 1982 of Leonid I. Brezhnev, who was Soviet leader for 18 years. The city is the site of the Kama Truck Works.

"Many consider it quite unjustified that their native city, their Naberezhnye Chelny, carries the name of the former leader of the country who never visited Kama, a man whose name is tied to 'The Epoch of Decay,'" Ogonyok reported. It gave no indication whether officials are considering a switch to the old name.

Eastern bloc governments have reacted favorably to the pledge made last week by Chancellor Helmut Kohl to dismantle Bonn's Pershing-1A missiles if the United States and the Soviet Union scrapped their intermediate-range missiles.

An arms breakthrough is similarly desired both in Moscow and Warsaw because it would be viewed as affording Mr. Gorbachev the kind of foreign policy victory that would yield points in his struggle against opponents of his domestic program.

The press comments over the weekend both in Warsaw and in Moscow, although emphasizing that Mr. Honecker's visit in no way augured German reunification, also stressed the issues of close Warsaw Pact coordination and of possible Eastern bloc advantage to be drawn from it.

The visit, Pravda said, "became possible thanks to the positive changes in the international situation which are taking place under the influence of the peace initiatives" of the Warsaw Pact.

Likewise, the Polish newspaper commentary, although stressing that Mr. Honecker's trip "is the confirmation of the existence of two sovereign German states," went on to note that the visit possessed "a European dimension."

Clashes Among Tamils Delay Sri Lankan Peace

Reuters

COLOMBO, Sri Lanka — Clashes among rival Tamil guerrilla groups are stalling Sri Lanka's peace agreement, officials said Monday.

At least seven persons had been killed and two wounded since Thursday in fighting between the Liberation Tigers of Tamil Eelam and two other groups.

A request by the Tigers, the biggest rebel group, for majority representation on an interim administrative council in the Tamil-dominated north and east is delaying appointment of the council, political observers said.



Klaas de Jonge and a friend, Judith Harwarden, celebrating his 50th birthday at the Dutch Embassy in Pretoria.

South Africa and Angola Make 135-for-1 Trade

By William Claiborne
Washington Post Service

JOHANNESBURG — In an elaborate exchange in the Mozambican capital of Maputo, the South African government swapped 133 captured Angolan soldiers and two French and Dutch prisoners Monday night for a white South African Army commando officer who was captured two years ago during a raid in northern Angola.

The aircraft parking ramp in front of Maputo's international airport was the scene of an "exchange parade" at which the Angolan Army prisoners, dressed in track suits and running shoes, boarded the Angolan airliner that had transported to the Mozambican capital the South African Army major, Wynand du Toit.

He was wounded and captured in the Angolan oil-producing enclave of Cabinda during what was reported to be a mission to blow up U.S.-owned oil facilities there.

The Angolan prisoners had been held by South African and U.S.-supported anti-Communist rebels of Jonas Savimbi's guerrilla organization, UNITA, the National Union for the Total Independence of Angola.

Released in the same ceremony were two men who had been held in South Africa in connection with charges of helping the African National Congress, the main guerrilla force battling white minority rule in South Africa.

Pierre-André Albertini, 27, a French national, had been sentenced to four years in prison in the nominally independent tribal homeland of Ciskei for refusing to testify at a terrorism trial. Klaas de Jonge, 50, a Dutch citizen, had been in refuge in offices of the Dutch Embassy in Pretoria for two years following his arrest on charges of arms smuggling.

Mr. de Jonge and Mr. Albertini boarded a French aircraft to fly to Europe, while Major du Toit boarded a South African executive jet for the trip to Cape Town, Angola. South African and Mozambican officials watched from the terminal building's roof as the exchange was carried out with the precision of a military parade.

After several frustrating delays Monday, Major du Toit was formally handed over to South Africa's foreign minister, R.F. Botha. The exchange followed months of secret negotiations involving the governments of South Africa, France, the Netherlands, Angola, Mozambique and Ciskei, as well as leaders of UNITA.

In addition to removing irritants to Pretoria's relations with France and the Netherlands, the swap briefly ended South Africa's diplomatic isolation in Europe and southern Africa. Some South African officials predicted a "new era" in regional negotiations.

The complex exchange talks also briefly enhanced the stature of UNITA and Mr. Savimbi, who found themselves elevated to a negotiating status equal to that of five national governments.

Mozambique's minister of cooperation, General Jacinto Veloso, played a key role after he visited R.F. Botha's home in Cape Town three weeks ago. His mission was to patch up relations between the two countries following allegations in Maputo that South Africa was indirectly responsible for a massacre by rightist guerrillas of hundreds of civilians in Mozambique in July.

France's prime minister, Jacques Chirac, also had a pivotal role, using his government's influence in Mozambique to establish a negotiating link with the Marxist government in Luanda. South African diplomatic sources said.

Mr. Chirac acted after President Francois Mitterrand of France made a major diplomatic issue out of the imprisonment of Mr. Albertini in April.

South African officials said the agreement for the exchange nearly unraveled two weeks ago when it was prematurely announced by a Ciskei minister.

New delays were encountered when the Angolan government expanded its list of prisoners held by UNITA to 146, including a doctor and 7 Cuban soldiers whom negotiators could not verify as captives. Eventually, South Africa promised to release the eight if they were found after the exchange.

Mr. de Jonge, who had been charged with smuggling arms to the ANC, took refuge in Dutch Embassy annex offices in Pretoria in July 1985, escaping police by promising to show them a weapons cache. Since then he has been under 24-hour guard by two Dutch police men and a South African police contingent.

His former wife, Helene Pastoor, a Belgian, is serving a 10-year prison sentence on charges of treason. Dutch officials have said that Mr. de Jonge could be prosecuted when he returns to the Netherlands.

Soviet Said To Permit 2 Dissidents To Emigrate

The Associated Press

MOSCOW — Josef Z. Begun, a Jewish dissident, imprisoned for more than three years by the Soviet Union, will be allowed to emigrate with his family, his son said Monday.

Boris Begun said Victor Brailovsky, another Jewish activist who served time in prison, will also be allowed to leave with his family. Josef Begun was freed from prison in February. Mr. Brailovsky was released in 1984.

"This morning," Boris Begun said, "someone from the Moscow city visa office called. Father by telephone and told him that they were giving their permission to go to Israel." He said he did not know when the family would be permitted to leave.

There was no immediate confirmation from the Soviet government.

Earlier Monday, Deborah Lipson, a spokeswoman for the Public Council for Soviet Jewry in Tel Aviv, said Josef Begun had telephoned to say that the Soviet immigration office had granted the exit visas.

Soviet officials released dozens of political prisoners early this year. In February, Mr. Begun's family helped organize a week of protests to have him included in the amnesty.

He returned to Moscow on Feb. 23 to a tumultuous welcome at the Kazan railroad station.

Mr. Begun, 55, who is married and has one son, has been one of the most prominent leaders of the Jewish cultural revival in the Soviet Union. He organized Hebrew classes in Moscow and taught about Jewish culture.

He first applied to emigrate in 1971 and was denied permission to leave because, Soviet officials contended, he had gained access to state secrets through his work as an engineer.

He was convicted in October 1983 after being arrested the previous year on charges of anti-Soviet propaganda and agitation for his efforts on Jewish emigration issues and his opposition to restrictions on the teaching of Hebrew.

Mr. Brailovsky, 52, a mathematician who is married with a son and daughter, earned a publication in Moscow dealing with Jewish history, culture and religion.

He first applied to emigrate in 1972 and was arrested in 1980 on charges of defaming the Soviet regime and social system.

Mr. Brailovsky was sentenced to five years of internal exile in June 1981 but was released and returned to Moscow in March 1984.

So far this year, 3,899 Jews have been allowed to leave the Soviet Union, the highest annual figure since 1979, when about 51,000 Jews were allowed to emigrate.

An Eastern Bloc Message for Bonn: Honecker Won't Spell Reunification

By John Tagliabue
New York Times Service

WARSAW — Poland and the Soviet Union, East Germany's major Warsaw Pact neighbors and partners, have warned West Germany against raising hopes that Erich Honecker's visit to Bonn will lead to eventual German reunification.

"The unification of Germany is not on the agenda in the historically anticipated future," the Polish government daily Rzeczpospolita said in an editorial last week.

"The division of Germany is reality," the newspaper said, adding that Mr. Honecker's five-day visit to West Germany, the first visit by an East German leader to the western half of divided Germany, was confirmation of Germany's permanent division.

Underscoring the Polish assertion, the Soviet Communist Party daily Pravda, in a comment published Sunday, said, "Political realities demand that Bonn should cast off the ballast of obsolete ideas," presumably including that of eventual reunification of the two German states.

The Soviet comment, together with the announcement Friday that General Wojciech Jaruzelski, the Polish leader, would travel to East Berlin to see Mr. Honecker soon after the East German leader returns from Bonn, appeared designed to ease over-enthusiastic Polish fears of the prospect of an eventual German reconciliation that could alter the borders of Europe set down at Yalta.

But the dynamics of the visit have been complicated by the changed relations within the East-

ern bloc brought about by the policies of Mikhail S. Gorbachev. German leaders in East and West have hailed the visit that started Monday as historic. At least twice in recent years Moscow prevented Mr. Honecker from becoming the first East German leader to travel to West Germany.

In 1984, when a visit to Bonn by Mr. Honecker appeared imminent, General Jaruzelski warned publicly against "the return of powerful German expansionism" being revived under the guise of German reunification.

This year, the cautionary statements are restrained. Western diplomats said this probably reflected a subtle reversal of roles by Poland and East Germany within the Eastern bloc in recent months, and the potential for diplomatic advantage to the East that the Honecker visit affords.

Relations between East Berlin and Warsaw have rarely been cordial, and labor unrest brought under control only at the price of broad political concessions, and subsequently martial law, in the early 1980s meant that Poland was viewed by the elderly Kremlin leadership of the time as the most suspect and deviant of its allies.

More recently, however, General Jaruzelski has emerged as one of the closest allies of Mr. Gorbachev and strongest supporters of his calls for change.

Unlike the elderly leaders of neighboring Eastern bloc countries, including Mr. Honecker and Gustav Husak, the Czechoslovak leader, General Jaruzelski appears linked to Mr. Gorbachev by similar ages and by the perception that

Netherlands Will Send Anti-Mine Ships to Gulf

Compiled by Our Staff From Dispatches

THE HAGUE — The Netherlands will send two mine-hunting ships to the Gulf, joining the United States, Britain, Italy and France in patrolling the shipping lanes. Defense Minister Wim van Eekelen said Monday.

He said at a news conference that the two vessels would sail next week and stay away for four and a half months. He also said the mine hunters would receive British tactical support in the Gulf area.

The Dutch decision followed weeks of diplomatic maneuvering in which the Netherlands sought a joint naval operation in the Gulf by West European allies.

The two ships belong to the Dutch Alkmaar class and are considered to be among the most modern in the world.

On Friday, the Dutch prime minister, Ruud Lubbers, had said that the navy was speeding up its preparations for the mission. His announcement came only hours after Italy said it would send a naval task force to the Gulf to protect its shipping interests there.

The United States, Britain and France have already begun naval operations in the Gulf, while Belgium will decide on Friday whether to send naval vessels to the area. The Soviet Union also has ships in the Gulf.

In the Gulf on Monday, the tanker was reported to have subsided as attention shifted to a peace mission by the United Nations secretary-general, Javier Perez de Cuellar, to the capitals of Iran and Iraq.

Iraq has reported no air attacks on Iranian targets in the Gulf or on the mainland since Saturday afternoon, and shipping sources in the area said they had no reports of raids on vessels by Iranian commando boats since Friday.

A Western diplomat in the Gulf said that aside from new tension between Kuwait and Iran resulting from missile attacks on Kuwaiti territory, the situation had become "a lot quieter" since Mr. Perez de Cuellar announced plans to travel soon to Baghdad and Tehran.

The Kuwaiti cabinet met Sunday and renewed a call to the United Nations to stop "flagrant aggression" by Iran, Saudi Arabia, Bahrain, Qatar and the United Arab Emirates appealed to the United Nations to take action to protect Kuwait, but they did not name Iran as the aggressor.

Iraq has accused Kuwait of aiding Iraq in the war and has targeted ships using Kuwaiti ports. The raids prompted Kuwait to ask the United States to protect 11 Kuwaiti tankers.

Italian Force Delayed

The decision by Italy to send a naval task force to the Gulf has provoked a political row that will delay the ships' departure at least until the end of this week, Reuters reported from Rome.

The decision to send ships was made Friday by the cabinet. On Monday it was being presented to the Senate Defense Commission, beginning a week of examination by various parliamentary committees. Only when this process is completed will the warships sail, Defense Ministry officials said.

Defense Minister Valerio Zanone wants to merely inform Parliament of the cabinet decision, but opposition parties, led by the Communists, are demanding a full vote.

Void Money Spurs Unrest In Burma

Reuters

BANGKOK — Widespread anger at a Burmese government decision to invalidate much of the country's money has sparked street protests, the first reported there in 13 years, travelers and diplomats said Monday.

They said the Burmese were shocked by the announcement Saturday that notes in denominations of 75 kyats, 35 kyats and 25 kyats, estimated to make up 80 percent of the currency, were no longer worth anything.

The official rate of exchange is about 6.6 kyats to the dollar, but black-market rates range from 40 to 80.

"People are shaken up," said a Burmese traveling through Bangkok. "They are wondering if this is going to break down the economy to simple barter trade because they can't trust money."

Diplomats based in Rangoon said more protests could erupt unless the government, which closed schools and universities throughout the country on Sunday, acted to redeem the bills.

Schools that were closed indefinitely included Rangoon University and the Rangoon Institute of Technology, where a student protest movement began.

Official sources in Rangoon said the action by the military-dominated government was aimed at black-marketeers and the use of counterfeit bank notes by rebel groups.

The diplomats said hundreds of students pelted buses, taxis and soldiers with stones at two colleges. They were told of protests in Mandalay and Taunggyi.

The government ordered a similar invalidation of high-denomination notes in 1985, but then revoked the order. On that occasion it first said people could convert up to 5,000 kyats into legal tender.

HILTON INTERNATIONAL VISTA INTERNATIONAL



FOCUSING ON YOU

Listening to you. Learning from you. For 38 years, you've helped us develop our philosophy: to keep your needs in focus.

The formula: By ensuring that the overall success of your stay results from all the little things done well.

You want a good night's sleep, of course. A report typed at the eleventh hour. The security of knowing that telex, translation and courier service are at your command.

You want a simple meal in your room after a long, hard day. And fine cuisine to entertain your clients when you choose. The ease of No Stop Check-Out™, when you're in a hurry to catch a flight.

You don't want to be victimized by high surcharges on currency exchange and long-distance telephone calls. We keep these in focus as well.

You sometimes want the club-like atmosphere of Executive Floors, where you can conduct your business dealings calmly and efficiently. 43 of our hotels answer this need.

Focusing on you. Hilton International and Vista International hotels.

For reservations at any of the hotels listed below, call your travel agent, any Hilton International hotel or Hilton Reservation Service in Copenhagen, Frankfurt, London, Madrid, Milan, Oslo, Paris, Stockholm.

- Hilton International/Vista International Locations:
- AUSTRALIA: Adelaide, Brisbane, Cairns, Melbourne, Perth, Sydney, Sydney Airport
 - BRAZIL: Belo Horizonte, Rio de Janeiro, Sao Paulo, Sao Paulo Hilton and Brasilia Sao Paulo
 - CANADA: Montreal (Bonaventure Hilton International), Montreal Airport/Dorval, Quebec City, Saint John (New Brunswick), Toronto (Hart House Castle), Toronto Airport, Windsor
 - COLOMBIA: Bogota, Cartagena
 - CYPRUS: Nicosia
 - EGYPT: Aswan/Luxor (Cruise Ships), Cairo (Nile Hilton and Ramses Hilton)
 - ETHIOPIA: Addis Ababa
 - FRANCE: Paris, Paris Hilton, Paris, Paris Hilton
 - GERMANY: Düsseldorf, Mainz, Munich, Garmisch-Partenkirchen
 - GREECE: Athens, Corfu, Guiana
 - HOLLAND: Amsterdam, Rotterdam, Schiphol Airport (Amsterdam)
 - HONG KONG: Victoria
 - HUNGARY: Budapest
 - INDONESIA: Jakarta
 - ISRAEL: Jerusalem, Tel Aviv
 - ITALY: Milan, Rome
 - IVORY COAST: Abidjan
 - JAPAN: Osaka, Tokyo
 - KENYA: Nairobi
 - KOREA: Seoul
 - KUWAIT: Madinat Al-Khaima
 - MACAU: Macau
 - MALAYSIA: Kuala Lumpur, Petaling Jaya, Malacca
 - NIGERIA: Abuja
 - PAKISTAN: Lahore
 - PHILIPPINES: Manila
 - PUERTO RICO: Mayaguez, San Juan
 - SINGAPORE: Singapore
 - SRI LANKA: Colombo
 - SUDAN: Khartoum
 - SWITZERLAND: Basel, Geneva, Zurich
 - TAIWAN: Taipei
 - THAILAND: Bangkok
 - TRINIDAD: Port of Spain
 - TUNISIA: Tunis
 - TURKEY: Istanbul
 - UNITED ARAB EMIRATES: Abu Dhabi, Al Ain, Dubai, Ras Al Khaima
 - UNITED KINGDOM: London (Park Lane and Kensington), Gatwick Airport
 - UNITED STATES: Honolulu (Kalahele Hilton), Vista International Hotels (operated by Hilton International), Chicago (The Drake), Kansas City, New York, Pittsburgh, Washington, D.C.
 - VENEZUELA: Barquisimeto, Caracas (Caracas Hilton International and Rivas Caracas)
- Anaconda "Opening 1987" Hotels with Executive Floors noted in italics

In Seoul, your preferred choice is Hotel Lotte

In the heart of downtown Seoul stands the 38-story Hotel Lotte. A perfect blend of yesterday, today and tomorrow. Offering business headquarters, financial, shopping and entertainment districts, government agencies and tourist attractions, all within walking distance.

United States, Canada, Caribbean, Europe and Far East. For reservations call your travel planner.

France (1) 42-27-00-07, Frankfurt (069) 23-03-04, London (1) 409-0814, Stockholm (08) 21-75-25, Switzerland 046-05-45-45, Sydney (02) 358-5011 or toll-free (0800) 222-4112, Tokyo (03) 276-8118.

HOTEL DU RHONE GENEVA

A prestigious dwelling on the River Rhone. Next to business and shopping center.

Quai Turrettini 1201 Geneva Phone (022) 319831 Telex 2213 rhro Member of HRI The Leading Hotels of the World

AUTHORS WANTED BY N.Y. PUBLISHER

Loading, editing, publishing, sales, marketing, all types of fiction, non-fiction, poetry, juvenile, scholarly and religious works, etc. New authors, established, send for free booklet H3. Vintage Press, 516 W. 34th St., New York, N.Y. 10001 U.S.A.

As the airline with the world's most London to Singapore in a mere 50 min

Soviet To Permit 2 Dissident To Emigrate

By Alan Cowell
New York Times Service

ANKARA — By only the most slender of margins, Turks have voted to restore political freedoms to their best-known former leaders, taking what some depict as a step away from the generals' shadow toward a fuller kind of democracy in the easternmost NATO country. Yet, with most votes counted by Monday from the referendum Sunday.

NEWS ANALYSIS

lay on the issue, the outcome seemed so close as to offer more questions than answers.

Provisional results showed just over 50 percent of Turkish voters had cast a ballot in favor of lifting bans on more than 200 former politicians — including two former prime ministers, Süleyman Demirel and Bulent Ecevit. The bans were imposed by the military in its most recent spell of dominance from 1980 to 1983.

The rest of the voters — slightly more than 49 percent — backed Prime Minister Turgut Ozal in his campaign to have the 10-year prohibitions maintained. Mr. Ozal had argued that the country's former leaders — his principal rivals — bore responsibility for the bloodshed that reigned in the late 1970s and should therefore continue to be banned from political activity.

Arithmetically, the figures meant that only a modest number of voters had swung the outcome of a referendum that, Mr. Ozal announced Sunday, will lead to early general elections in November. At one point in the counting, with 95 percent of the returns in, the margin between "yes" and "no" was about one-third of a percentage

Turks' Nod to Freedom: Vote Raises More Issues

point. The result thus seemed open to challenge as a clear indication of the nation's wishes.

Politically, analysts said, the frail and ambiguous margin seemed to signify a profound division, or even schizophrenia, in a land torn between an urge for democratic freedoms and a fear that the fruits of such liberties could prove to be a return to the chaos that prompted the military coup in 1980 after 5,000 people had died in political violence. And that, in turn, suggests a nation only half-sure of its ability to contain the demons of its past.

"Turkey is very much divided," said Professor Serif Mardin of Bosphorus University in Istanbul. "And the referendum, instead of uniting the population, divided them."

Associate Professor Nilufer Gole of the same university said: "When people said 'no,' they showed that they wanted stability and peace. When they said 'yes,' they showed they are in favor of freedom."

The issues are important to Turks and outsiders alike. Since the founding of the modern Turkish Republic in 1923 by Mustafa Kemal Ataturk, this land spanning Asia and Europe has sought to emulate Western ideals, thereby offering itself for judgment by Western standards of democracy and respect for human rights.

The military intervention from 1980 to 1983 offended both yardsticks, and particularly since Ankara applied for membership of the European Community in April, some Western European nations have pressed for evidence of improvements.

Western nations, including the United States, may therefore welcome the restoration of political



Former Prime Minister Süleyman Demirel as the referendum results came in.

rights to Mr. Demirel and Mr. Ecevit publicly while privately acclaiming the narrow margin as a factor militating against their return to power in the November election.

The closeness of the result was widely interpreted as a triumph for Mr. Ozal — despite the country's economic woes, and his poor showing in elections last year — and a severe setback for those former politicians who had expected a greater majority of "yes" votes.

For one thing, the lifting of the political bans will enable Mr. Ozal to rebut criticism that Turkish democracy is flawed. At the same time, however, the body of "no" votes suggests potential support in

the November elections, offering the prospect of a renewed five-year mandate, possibly with an improved majority.

In 1983, Mr. Ozal came to power in a vote supervised by the military. Mr. Demirel, his main contender for support among the conservative majority in Turkey, and Mr. Ecevit, a Social Democrat, were excluded from the vote by the political bans placed on them a year earlier.

Those limitations on the freedom of the voters' choice prompted opposition taunts that Mr. Ozal's rise to power had no legitimacy — an assertion that has long rankled.

Political analysts in Turkey said the outcome of the referendum did

not necessarily preclude the outcome of the November election.

"Some said 'no' because they didn't want the real extremists to come back along with Demirel and Ecevit," a political scientist at Ankara University said. "Some said 'yes' because they wanted to improve democracy, not because they supported either Demirel or Ecevit."

The police found arms and drugs aboard the vessel, and magistrates

Industrialist Is Interrogated in Italy Over Exporting of Mines to Mideast

LA SPEZIA, Italy — A magistrate investigating arms deals and drug trafficking allegedly involving the Gulf Arab terrorists and the Mafia questioned on Monday a leading industrialist who had been arrested along with 31 other suspects.

Magistrate Giovanni Panbianco of Massa traveled to this port city near Genoa to interrogate Ferdinando Borletti, 65, president of the Valsella Meccanotecnica engineering firm, based outside Brescia in northern Italy.

Mr. Panbianco also questioned Mr. Borletti's son Giovanni, 33, director-general of the company. Both are accused of illegal exporting of arms to belligerent countries in the Middle East.

Four other Valsella managers have also been arrested.

Magistrates believe that thousands of naval mines produced by Valsella were exported to Iran via Syria using false certificates.

The Valsella directors protested their innocence, officials said. In the past they have admitted legal sales of mines and other munitions worth several million dollars to Nigeria.

The arrests followed the seizure of a Lebanese freighter, the Boustany I, off the southeastern port of Bari on Sept. 2.

The police found arms and drugs aboard the vessel, and magistrates

said they believed the weapons had been intended to create a number of arms caches in Italy and other European countries at the disposal of Middle Eastern terrorist groups.

The magistrates said they believed a Middle Eastern group linked to the Palestinian terrorist leader Abu Nidal and the Italian Mafia had struck a deal for the establishment of the arms deposits.

Austrian Executive Held

The former chief of a subsidiary of Austria's biggest company has been detained in connection with an inquiry into reports that the state-owned concern was involved in illegal arms trading with Iran, Reuters reported from Vienna.

The Linz state attorney said

Monday that Peter Unterwiesing, former head of Noricum, a weapons manufacturing company that is a subsidiary of the conglomerate VOEST-Alpine AG, was detained over the weekend on suspicion of involvement with others in alleged deals and embezzlement of weapons payments.

No charges have been placed against Mr. Unterwiesing, who left his post in April in a management shake-up at VOEST-Alpine. The engineering concern has suffered major losses in recent years.

Austrian authorities have for months been investigating charges that 140 cannons and weapons worth \$300 million were delivered by Noricum to Iran in the spring of 1985.

WORLD MARKETS IN REVIEW

IN THE IHT EVERY MONDAY.
A WEEKLY REVIEW OF WORLD STOCK MARKETS. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS WORLDWIDE

ESORTS & GUIDES

INTERNATIONAL ESCORT

USA & WORLDWIDE
Head office in New York
330 W. 5th St., N.Y.C. 10019 USA
212-765-7896
212-765-7754

MAJOR CREDIT CARDS AND CHECKS ACCEPTED
Private Members Available

LONDON
Portman Escort Agency
67 Clarendon Street,
London W1
Tel: 486 3724 or 486 1158
All major credit cards accepted

LONDON
Kensington
Escort Service
10 Kensington Church St., W8
Tel: 527 9136 or 527 9135
All major credit cards accepted

LONDON ONLY JAPANESE ESCORT
Service. Tel: 01 570 0344/03 7194.
MUNICH - BLENDEE Escort Service
Tel: 311 79 00 or 311 11 06.
"TENSUN" DIJESBURG - KOEIN
- Bonn Escort Service. (0211) 383 141.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

ESORTS & GUIDES

LONDON
BELGRAVIA
Escort Service
Tel: 756 5877.

MAYFAIR CLUB
ESCORT SERVICE from 5pm
ROTTERDAM (0) 10-4254155
THE HAGUE (0) 70-60 79 96

CAPRICE-NY
ESCORT SERVICE IN NEW YORK
Tel: 212-737 3291.

*** ZURICH 558720 ***
Private Touring Guide Service
Credit Cards Accepted

***** MADRID
Glamour Escort Service. Tel: 259 70 02.

GENEVA ESCORT
Service. Tel: 46 11 58

*** ZURICH *** CAROLINE
ESCORT SERVICE 01/252 61 74

ESORTS & GUIDES

ARISTOCATS
London Escort Service
128 Wigmore St., London W1.
All major Credit Cards Accepted
Tel: 437 0 41 / 42
12 noon - midnight

* GENEVA GINGER'S *
ESCORT SERVICE 022 / 34 41 86

GENEVA * DESIRE *
ESCORT SERVICE 022 / 21 99 61

CHELSEA ESCORT SERVICE
51 Beaufort Place, London SW3.
Tel: 01 584 6513/2749 (4-12 pm)

***** GENEVA BEST
ESCORT SERVICE 022/21 03 40

***** MADRID
Escort Agency (222) 37 52 39

ROME CLUB EUROPE ESCORT &
Guide Service. Tel: 06/897 3004 or
589 1140 (from 4 pm to 9:30 pm)

AMSTERDAM BERNADETTE Made
and Female Escort Service. Tel: 020-
327799 or 020-360005.

HAMBURG - ROYAL ESCORT Ser-
vice. Tel: 040/5234145.

ESORTS & GUIDES

LONDON GEMMA ESCORT SERVICE
Tel: 01 584 7210.

FRANKFURT "TOP TEN" ESCORT
Service. 069/52-58-26

FRANKFURT NUMBER ONE Escort
Service. Tel: 069/84 48 75 or 84 48 76.

DUISBURG - KOEIN - ZURICH +
more. Travel and Escort Service. Credit
Cards. Tel: 02011/24 00 84.

MADRID IMPACT escort and guide
service. Mobilising. 261 4142

LONDON ESCORT SERVICE. Tel: 935 3239.

SOPHIE FRENCH SPEAKING Escort
Service. Tel: London 581 4147.

TOKYO FIRST CLASS ESCORT /
GUIDE SERVICE. Tel: 351 22 78.

LONDON ORIENTAL GUIDE and Es-
cort Service. Tel: 01-243 1442

LONDON EXCLUSIVE ESCORT Ser-
vice. Tel: 01-352 0498

FRANKFURT + AUSA Christine Escort
Service 069/364556 Credit Cards too

MUNICH - SECRET ESCORT & Guide
Service. Tel: 089/44 86 038.

FRANKFURT - POLAND ESCORT Ser-
vice. 069/404159.

LONDON KEYSTONE ESCORT Service.
Tel: 01-725-2576.

MUNICH - REMEMBER * ESCORT
and Guide Service. Tel: 089/912114.

ESORTS & GUIDES

LONDON VICKI ESCORT SERVICE
Tel: (01) 270 7151

FRANKFURT - Private Collection Escort
+ travel service. Tel: 02 88 05.

GENEVA DANNY ESCORT SERVICE
Tel: 022 / 35 88 23.

LONDON & HEATHROW Escort Ser-
vice. Credit cards. 749 3062

VIENNA VOLKING ESCORT Service.
Tel: 022 33 71.

GENEVA ROYAL ESCORT Service.
Tel: 022 / 812 772

GENEVA FRENCH SPEAKING ESCORT
Service. Tel: 022/61 896

LONDON CHRISTINA SWEDISH
speaking Escort Service. Tel: 834 0891.

* * ZURICH * * ESCORT and Guide
Service. Tel: 01-251 08 92.

AMSTERDAM 2000 ESCORT Service
Tel: (0) 20-91030

* * EVAS * * ESCORT SERVICE
Tel: 761 63 89. 1pm to midnight.

KATRIINA ESCORT SERVICE. London
01 525 8411.

NEW YORK LADY CINNAMON Es-
cort Service 212-996-2527

* STOCKHOLM ESCORT SERVICE *
Tel: 761 63 89. 1pm to midnight.

CONTINENTAL ESCORT SERVICE
Tel: London 01-460-0428.

FRANKFURT UP-TO-DATE ESCORT
Service. 069-88-55 99 every day

LONDON ISABELLE French speaking
escort service. Knightbridge 225092

AMSTERDAM S.H.E. ESCORT and
Guide Service. Tel: 949802.

BRUSSELS ANN ESCORT Service. Tel:
02-733 88 47. Credit cards accepted.

Sir William Haley, English Journalist, Dies at 86

The Associated Press

JERSEY, Channel Islands — Sir William Haley, director general of the British Broadcasting Corp. from 1944 to 1952 and then editor of The Times until 1966, has died at the age of 86.

Sir William died Sunday at the Clifton nursing home in Jersey, the

MEMORIAL NOTICE

David Joachim HOWARD
passed away Thursday August 20th. His
many friends are invited to attend a me-
morial service at The American Church in
Geneva, rue Desseur Alfred-Vincent, on
Sunday, September 13th, at 6 pm.

In lieu of flowers, contributions can be made to
"Les Amis de l'Un" in support of called stu-
dents, through The Union Bank of Switzerland.

largest of the Channel Islands off
the northern coast of France.

Born in Jersey in 1901, Sir William was educated at Cambridge University and at Dartmouth College in New Hampshire. He joined the Manchester Evening News in 1922 as an editor, becoming managing editor and a director of the newspaper in 1930.

Sir William was a director of Reuters and of the British domestic news agency Press Association from 1939 to 1943.

He was appointed editor in chief of the BBC in 1943 and became director general the following year. After 14 years as editor of The Times, he spent a year as chairman of Times Newspapers Ltd. in 1967. Sir William was knighted by Queen Elizabeth II in 1964.

He moved to Chicago to become editor in chief of Encyclopedia Britannica from 1968 to 1969, and spent his retirement years in Jersey.

Quinn Martin, 65,
American TV Producer

RANCHO SANTA FE, California — Quinn Martin, 65, who for two decades was one of the most successful Hollywood producers with such popular television series as "The Untouchables," "The FBI" and "The Fugitive," died Saturday.

Other long-running series he produced were "The Streets of San Francisco," starring Michael Douglas and Karl Malden, "Cannon" with William Conrad, and "Barnaby Jones," starring Buddy Ebsen. Mr. Martin also produced "The

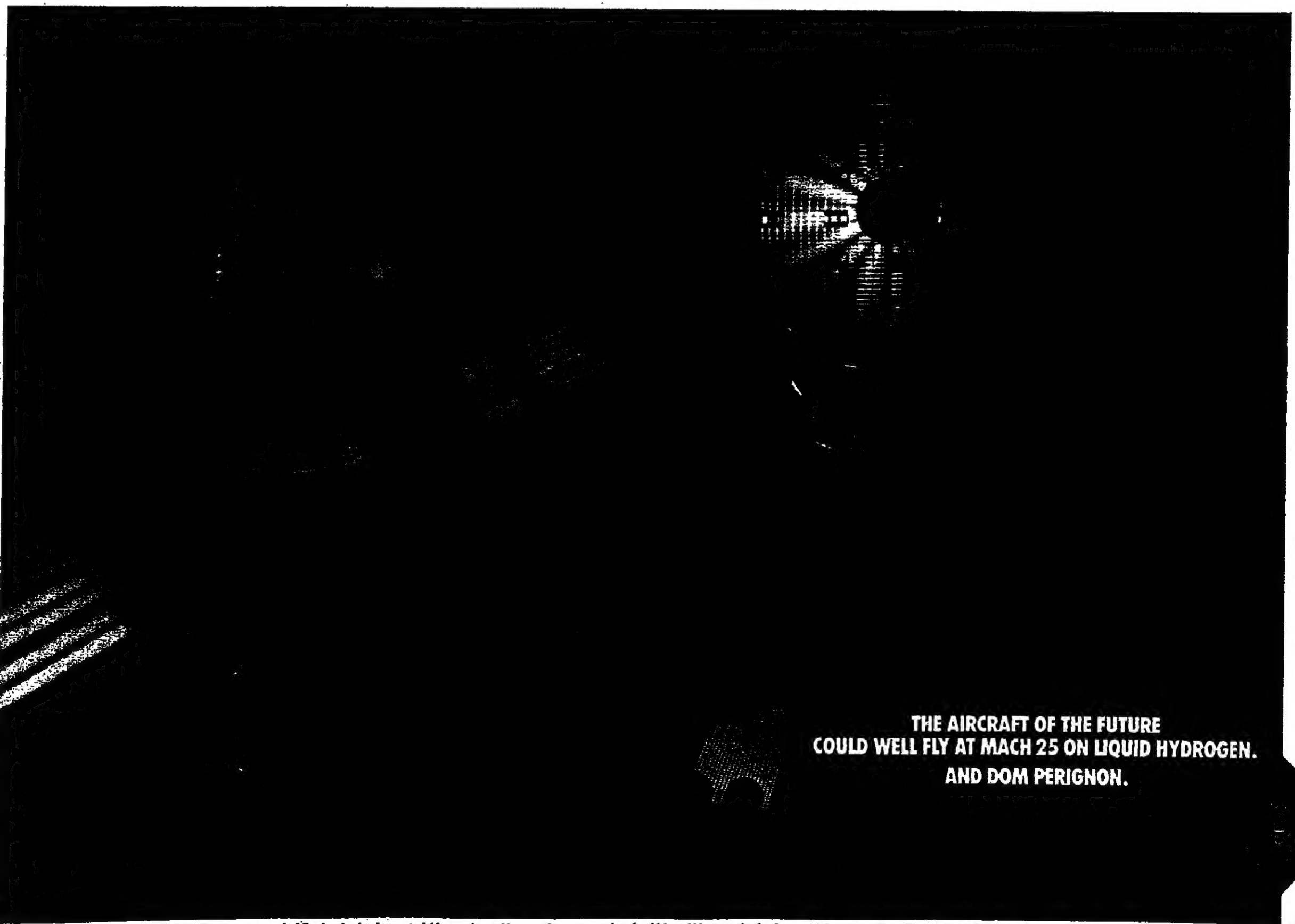
Invaders," "12 O'Clock High," "Quinn Martin's Tales of the Unexpected" and "Most Wanted."

At the time of his death, Mr. Martin was president and chief executive officer of QM Communications, which was developing two major movies for Warner Brothers.

Other Deaths:

Richard Marquand, 49, director of "Return of the Jedi" and "Jagged Edge," Friday near London. Lee Theodore, 54, a Broadway dancer, choreographer and founder of the American Dance Machine, Thursday in New York.

Enrique de la Mata, 53, president of the League of Red Cross and Red Crescent Societies, in Rome on Sunday night, the world Red Cross body said Monday.



THE AIRCRAFT OF THE FUTURE
COULD WELL FLY AT MACH 25 ON LIQUID HYDROGEN.
AND DOM PERIGNON.

As the airline with the world's most modern fleet, we are eagerly following the development of this experimental hypersonic passenger aircraft, which could be operating by the turn of the century. Travelling at twenty five times the speed of sound, it would enable us to fly you from, say, London to Singapore in a mere 50 minutes. Or from San Francisco to Hong Kong in one hour. The aircraft engines will run on liquid hydrogen, while our inflight service, as always, will run on Dom Perignon. We'll simply have to pour a little bit faster. SINGAPORE AIRLINES

WANTED
PUBLISHER

ARTS / LEISURE

Making a Mark In Technopop

By Mike Zwerin
International Herald Tribune

PARIS — Ryuichi Sakamoto cannot figure out why Japan is able to export just about everything except rock music. He's been asking himself that for 10 years, ever since he began to sell millions of records in his native country. The best explanation he can come up with is this: "People in the Japanese music business have closed minds. Big manufacturing companies work hard for exports. But musicians and music executives, they think only of the domestic market."

Japanese classical musicians like Seiji Ozawa and jazz musicians like Toshiko Akiyoshi have made their mark in the West, but not one major rock group has done so. Trinidad exported calypso, Jamaica exported reggae, Brazil exported bossa nova, Africa exported just about everything and West Germany is given credit for technopop. This is a sore point for somebody who says, "The computer is my best friend." You can sense the edge of frustration combined with fierce pride when Sakamoto says, "We invented technopop."

Technopop integrated the early synthesizer experiments of the Ger-

mans Klaus Schulze, Tangerine Dream and Can with the Broadway song form. The group Kraftwerk, from Düsseldorf, became an influential international hit exporting this slice of progress in the late 1970s. Mixed with funk, technopop is central to the music of Prince and Michael Jackson. Sakamoto's Yellow Magic Orchestra was a megagroup in Japan pioneering technopop at least as early as Kraftwerk. The elaborately produced brochure for the Yellow Magic Orchestra 1980 world tour quoted cosmic zingers by Norbert Weiner, John Cowper Powys, Jorge Luis Borges and Chuang Tzu. In it, Sakamoto, who holds a master's degree and is something of an intellectual, predicted: "The 1980s will be strong on anxiety feelings, even approaching the apocalyptic. Music will work as a cleaning filter to dissolve distorted satisfactions. YMO has conquered its homeland and is now targeting new spaces for invasion." The tour turned out to be something less than an invasion.

Sakamoto's new album "Neo Geo" (CBS) combines Western elements — 4/4 time, eight-bar phrases, tempered harmony and melody — with Eastern textures and scales. Most instrumental sounds are fabricated by the Fair-



Ryuichi Sakamoto: Capturing "certain aspects of the contemporary Asian mind set."

light CMI, a computerized synthesizer that samples rock drums, Balinese percussion, pipa (Chinese lute) and shakuhachi (Japanese bamboo flute). There is a short Debussy-derived piano piece and the credits inform us of the presence of human musicians such as Sly Dunbar, the reggae rhythm man, and Iggy Pop, an American cult hero.

Electronic sampling has, however, become so realistic it's hard to tell the difference between the sample and the sampled. Iggy Pop's filtered deep American baritone tends to sound like a digital Iggy Pop program.

In person Sakamoto comes across as a serious artist trying hard to "capture certain aspects of the contemporary Asian mind set," trying to reconcile an honest cultural statement with the economic exigencies of the pop music industry. Trying maybe too hard. He describes "Neo Geo" as at once "traditional and futuristic, colloquial and cosmopolitan — a parallel of Japan in the international age. My producer Bill Laswell combined hip-hop with jazz when he produced Herbie Hancock's 'Rockit' and now he would like to bring contemporary Asian music to

the international market. So I put in more of an Oriental flavor than I otherwise would have."

When Sakamoto claims that the synthesizer has no limits, you sense both his love for the machine and discomfort with limitations in general. No mere technopop technician, he acted the role of Captain Yano in Nagisa Oshima's film "Furyo" and plays a Japanese spy in Bernardo Bertolucci's "The Last Emperor," shot in China and scheduled for December release. He also wrote music for both films.

"The Last Emperor" sound track involved symphonic orchestration and was recorded in London, while Iggy Pop was recorded in Hawaii. Laswell lives in New York and much of "Neo Geo" was recorded there. Sakamoto, who lives in Tokyo with his wife and two children, spends half the year abroad, but he is considering moving to either London or New York. "Tokyo is too far away," he said.

Next Best Thing to an Outdoor Wedding

By Richard F. Shepard
New York Times Service

NEW YORK — It wasn't June, which rhymes with honeymoon, and August has not made the top 10 in the love song arena, but you couldn't have told this by the rush of newlyweds who were sweeping through one couple after another, to the Queens Botanical Garden in Flushing recently. The bridegrooms fit into the lush flora and foliage as though they were bursts of apple blossoms. The formal of the men — bow ties, cummerbunds, not usual Main Street wear — gave bridegrooms and associates the confused look of movie-palace ushers who had suddenly been thrust from the dark into dazzling sunshine, or maybe that is just the way groomsmen always look.

What was happening was the usual turnout for pictures after the main event. Park weddings have become commonplace, but the

park as photo opportunity for the wedding album is even more so. At the Queens Botanical Garden, about two dozen couples can pose on any weekend before the colorful tumult of flowers and under the gaze of the cosmopolitan, multilingual crowd that is the 38-acre park's clientele.

Each wedding party brings its own flavor to the scene, exemplifying the neighborhood's fantastic ethnic varieties and also the infinite sartorial diversity that appeals to people who want an eye-catching wedding. The diversity of background and wear extends to the onlookers whose own observations on the passing parade of just-marrieds are expressed in Hindi, Korean, Cantonese, German, Italian, Arabic, even English.

The first group spotted on Sunday was headed by John and Tanuja Chetram, who had just become Mr. and Mrs. at the Hindu temple

in Flushing. The Chetrams and their party, who all hail from Guyana, were being posed in the garden's pinetum by a camera crew that would not have seemed understaffed in a high-fashion studio.

"We have a botanical garden in Georgetown, too, and people go there for wedding pictures," said Chetram, during a brisk near-trot to another site. Queens is less tropical than Georgetown, but, he said, it is beautiful in its own right.

In front of a dazle of marigolds Ingrid Eng looked fetching in a white cheongsam, set off in pink and silver adornment. Small wonder that Steven Eng had little trouble in following the instructions of the photographer, Edrick Ngai, to keep his arm around her. They were not, strictly speaking, newlyweds but rather more old-marrieds.

"We were married in June, in the Presbyterian church in China-

town," said Eng who, like his wife, is American-born of Chinese background. "But it was raining, so we didn't use the permit for the garden then and they said we could come back some other time."

No sooner had the Engs moved on to another garden setting, than the lively company of Tsige and Berket Asbu arrived. The two had consolidated their destinies that morning in rites of the Ethiopian Orthodox Church of Our Savior at the Riverside Church in Manhattan. The magic of flowers dominated the main stage but there was a chorus of guests who lent a unique flavor to the proceedings: the elderly people, not formally invited, who savored the procession of nuptials.

"It's a nice way to go to a wedding," said one elderly woman. "We've gotten to the age where we don't get asked out much more and these are lovely affairs that get us home before it gets dark."

Saving Venice, in Style

By Mary Davis Suro
New York Times Service

VENICE — Even the gondolas seemed to be swaying in time on the moonlit Grand Canal as Bobby Short entertained the international guests at a sparkling dinner-dance organized by Save Venice, Inc., an American group dedicated to preserving the art treasures of this city.

While the strains of the Rodgers and Hart song "Manhattan" drifted over the water, more than 400 guests dined and danced in the frescoed ballroom of the Palazzo Pisani Moretta. Noteworthy names from both sides of the Atlantic included Margaret Barry Ryan and the Contessa Christiana Brandolini d'Adda, co-chairwomen of the party. Barbara Johnson, Erica Jong, Gore Vidal, Evangeline Bruch, Prince Amyn Aga Khan and Hubert de Givenchy.

The purpose of the \$1,000-a-person affair was to finance the restoration of the marble facade of the Renaissance Santa Maria dei Miracoli church. Save Venice Inc., a 15-year-old philanthropy, is based in New York and Boston. The party was underwritten by Miguel Cruz, the fashion designer.

The grand event crowned three days of cultural programs and social activities organized by Save Venice. The program, called "The Regatta Week Gala" because it coincided with the historic Venetian boat race held Sunday, would have staggered even the most seasoned sophisticate, if only because of the 90-degree temperatures scorching the city all week.

But this was not your average tennis shoe-clad tour group. No one bothered to pack a Michelin guide. Jong led a group on a tour of the Jewish ghetto while Vidal, in a palazzo in another part of the city, showed a group of 75 part of his Venice documentary, "V. on V." (for Vidal on Venice), and entertained them with his knowledgeable commentary and droll asides.

Museum and gallery directors like Pontus Hulten of the Palazzo Grassi gave private tours of their collections. Restored churches became the backdrop for evening events like the concert in the Church of the Pietà by the mezzo soprano Margherita Zimmermann.

Guests were whisked to Thursday's gala by a fleet of motorboats, the city's motor launches, which set off from docks at three of the leading hotels in town, the Danieli, the Cipriani and the Gritti Palace.

Passengers got a glimpse of the Palazzo Moretta long before they disembarked. Candles flickered in the windows and a dim yellow glow from dozens of chandeliers in the ballroom washed over the water in front of the palazzo, near the Rialto.

Entrances were grand into the palace's reception

room. When Joanne Davis from Texas disembarked, aflame in tight-fitting, ruffled red satin, she provoked one loud comment. "The Texans have now arrived."

The Baroness Sandra di Portanova, originally from Dallas, followed close behind, elegantly lowering the room temperature in a navy gown with a high net neckline and ornate beading at the waistline.

Many of the guests lingered before dinner, sipping Champagne. Most seemed intent on getting a good look at Prince Michael of Kent. What many were secretly hoping was that the prince would stick his tongue out again at his wife, Princess Michael of Kent, across the room. A number of witnesses insisted that he had playfully done just that at a luncheon given the day before by Carolyn Firestone at the Palazzo Volpi. The prince disappointed them.

Imposing arrangements of fresh fruit and flowers, propped against columns and draping the staircase, were traffic hazards for the mingling guests. Created by the Milan designer Piero Pinto, the arrangements had everyone stopping to see if the halved pomegranates and jumbo grapes were real.

And thanks to Peter Duchin, who had divided his orchestra into several small groups that played before dinner, there was pleasant background music coming from several corners of the palazzo.

For some, the week was a nostalgic journey. The jewelry designer Kenneth Jay Lane, between lamentations about the heat — Gothic, multicolored windows don't take air-conditioning units — said he was staying in the same palazzo he had occupied on his first trip to Venice in 1959.

"A little symmetry in life is a nice thing," he mused, as the orchestra launched into Elvis Presley's "Jail House Rock."

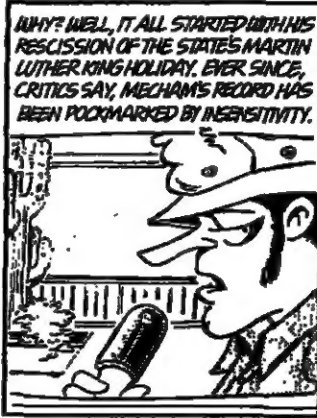
Lady Thorneycroft, at dinner in the ballroom, where small hand-held fans put at each guest's place seemed to keep a livelier pace than the music, looked pleased to be back where she spent part of her youth.

"All my childhood friends are in this room," she said, looking at a sea of faces that included the Viscount Norwich, president of the Venice in Peril Fund and author of many books on Venetian history; Baron Vittorio de Norz, a Milan industrialist and the Marchese and Marchesa Alberto Berlingieri of Venice. "So this is like coming home to me."

At 2 A.M., the last motorboat pulled up to the pier. The party's die-hards, with the dirty beans, wilted hairdos and crooked bow ties of people who really had a good time, piled on board to be taken home.

One partygoer collapsed into the back seat of the boat, let out a long sigh and said: "I feel like someone just stuck a pin in me. I'm deflating."

DOONESBURY



The Audi 100 CS quattro. What more could you want?

What qualities do you look for in a touring saloon? Reliability, durability, comfort, performance? And the technology to go with it? This, and a good deal more, is exactly what you get with an Audi 100 CS quattro. And all wrapped up in an elegant package.

First of all you get all the quality that goes to make an Audi 100 an Audi 100. Its fully galvanized body offers the best long term anti-corrosion protection available. Its five-cylinder injection engines, for example, produce performance plus.

They give the Audi 100 CS quattro not only plenty of sting but also the sophistication you would expect of a car of this class. Its finely tuned running gear and quattro permanent four-wheel drive give the car even greater active safety and

better performance attributes. All designed to make driving that much more fun. Because quattro drive means superior handling, not only in rain and snow. But also on dry roads. Why not go for a test drive with a difference.



Vorsprung durch Technik



Audi 100

THE SEARCH for a code of ethics this year by Yves Le Portz, president of the Operations de Bourse, the original market. Noting that France has experienced a "profusion" of ethical problems, Mr. Le Portz has formed a committee to explore the formation of a code of ethics for the 12-member study group, brokers, fund managers, regulators, and further study on the code should be ready by the end of the year. The COB's director of ethics, Mr. Le Portz, said that such a code will complement the new law and breaks the monopoly held by the approval of the code can be derived from

See ETHICS, Page 11

Currency R

Currency	1987	1986	1985	1984	1983
DM	1.36	1.35	1.34	1.33	1.32
FF	166.37	166.37	166.37	166.37	166.37
Yen	160.90	160.90	160.90	160.90	160.90
Sfr	1.48	1.48	1.48	1.48	1.48
£	1.54	1.54	1.54	1.54	1.54
Scd	1.48	1.48	1.48	1.48	1.48
DKK	1.36	1.36	1.36	1.36	1.36
ITL	1.36	1.36	1.36	1.36	1.36
ESP	1.36	1.36	1.36	1.36	1.36
GRD	1.36	1.36	1.36	1.36	1.36
PLN	1.36	1.36	1.36	1.36	1.36
CZK	1.36	1.36	1.36	1.36	1.36
HUF	1.36	1.36	1.36	1.36	1.36
RUB	1.36	1.36	1.36	1.36	1.36
USD	1.36	1.36	1.36	1.36	1.36

Source: Reuters

New Dollar Values

Currency	1987	1986	1985	1984	1983
DM	1.36	1.35	1.34	1.33	1.32
FF	166.37	166.37	166.37	166.37	166.37
Yen	160.90	160.90	160.90	160.90	160.90
Sfr	1.48	1.48	1.48	1.48	1.48
£	1.54	1.54	1.54	1.54	1.54
Scd	1.48	1.48	1.48	1.48	1.48
DKK	1.36	1.36	1.36	1.36	1.36
ITL	1.36	1.36	1.36	1.36	1.36
ESP	1.36	1.36	1.36	1.36	1.36
GRD	1.36	1.36	1.36	1.36	1.36
PLN	1.36	1.36	1.36	1.36	1.36
CZK	1.36	1.36	1.36	1.36	1.36
HUF	1.36	1.36	1.36	1.36	1.36
RUB	1.36	1.36	1.36	1.36	1.36
USD	1.36	1.36	1.36	1.36	1.36

Source: Reuters

Interest Rates

Source: Reuters

Currency Deposits

Source: Reuters

Asian Bonds

Source: Reuters

U.S. Money

Source: Reuters

Money Rates

Source: Reuters

Money Rates

Source: Reuters

Money Rates

Source: Reuters

Money Rates

Source: Reuters

Money Rates

Source: Reuters

Money Rates

Source: Reuters

Money Rates

Source: Reuters

Money Rates

Source: Reuters

Money Rates

Source: Reuters

Money Rates

Source: Reuters

TUESDAY, SEPTEMBER 8, 1987

INTERNATIONAL STOCK MARKETS

Ethical Questions Explode With the French 'Big Bang'

By JACQUES NEHER
Special to the Herald Tribune

PARIS — With its version of London's "Big Bang" financial deregulation looming, the Paris Bourse is moving quickly to establish some basic rules of the game, and in the process, polish its image before the international financial community. Brokers, dealers and regulators in recent months have been trying to create a code of conduct that will guide them through a maze of day-to-day ethical questions.

This discussion covers everything from clear-cut issues like insider trading, to grayer areas, such as managing the sometimes contradictory roles played by brokers when they both trade in the market and manage investors' money.

Separately, but not unrelated, are current efforts to boost the security of the booming MATIF financial futures market in Paris by instituting strict standards — and for the first time, penalties.

The new limits, expected to be approved this week, will make it more difficult for one of the 100 clearing-house members to control the futures market. The standards will also limit speculation by members or their clients not having sufficient resources to absorb possible losses.

The call for ethical standards at the Bourse is seen, in part, as an acknowledgment by the French profession that there might indeed be some truth to suspicions of impropriety within their ranks. These suspicions, often whispered by their counterparts in London, stem from the "private club" nature of the Bourse — an institution that has allowed only a select group of Paris brokers to play the market since the era of Napoleon.

However, new legislation, expected to be passed this autumn, will break this monopoly progressively over the next five years. The bill will allow banks or other financial institutions to buy into the capital of the 46 Paris brokers beginning next year. By 1992, outside financial institutions, including foreign banks and brokers, would themselves be able to apply for Bourse admission.

It is this *Big Bang* in the *francophonie* that is motivating the new wave of ethical introspection.

"This has to be seen in the context of the deregulation going on through the European markets," said Angus McNeillage, who watches the French market for James Capel & Co. in London.

"The French have their Big Bang coming up. They have to put their house in order before that," he said. "If they want to be international, they have to act by international standards."

THE SEARCH for a code of ethics was spearheaded early this year by Yves Le Portz, president of the Commission des Opérations de Bourse, the organization charged with regulating the market. Noting that France's financial markets in recent years have experienced "a profound transformation" posing "great ethical problems," Mr. Le Portz called upon Gilles Brac de la Perrière, president of Banque Privée de Gestion Financière, to form a committee to explore the problems.

Mr. Brac de la Perrière's 12-member study group — made up of bankers, brokers, fund managers, regulators, even a judge — yielded its first results in late July. With the benefit of comments from the profession, and further study on specific points this fall, an ethics code should be ready by the end of the year, according to Pierre Flenziot, the COB's director of research.

The code would detail a host of offenses and specify self-policing mechanisms to prevent them, Mr. Flenziot said, adding that such a code would complement the new law that liberalizes the Bourse and breaks the monopoly held by the Paris brokers.

A preview of the code can be derived from the committee's July

See ETHICS, Page 11

The French market has to act by international standards, a foreign analyst said.

For German Brewers, Prost's the Word

Loss in Court Has Become a Boon at the Bar

By Ferdinand Proetzman
International Herald Tribune

FRANKFURT — The West German brewers' battle to uphold the Reinheitsgebot, or "purity command," has proven to be the best thing to happen to their beer since Duke George the Rich of the Bavarian city of Landshut decreed in 1493 that "to avoid punishment to body and property, nothing but malt, hops and water" would be used in the brewing.

Since the European Court of Justice ruled in March that the Reinheitsgebot constituted an illegal restraint of trade, not one additional foreign brand of beer has been put on the domestic market, according to the West German Brewers' Association.

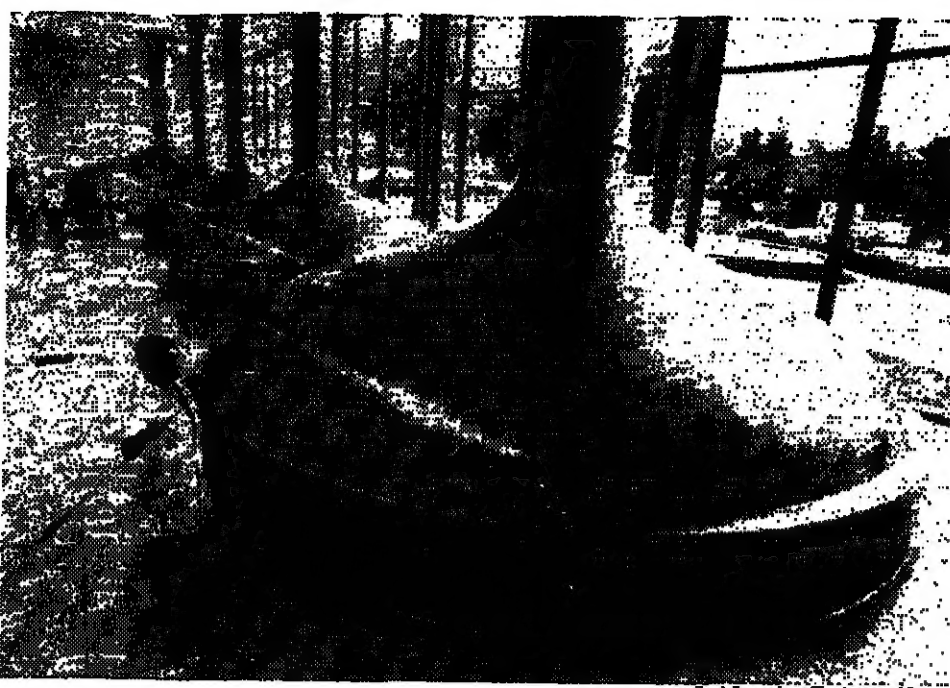
Even as brewers and government officials criticized the court's decision to open West Germany to foreign brews containing chemical additives, a decision they called "culturally insensitive" and "health-threatening," the brewers realized that the three-year battle had been a bonanza of publicity.

Thanks to the Luxembourg-based court, the rest of the world learned about the high quality of beer brewed under the Reinheitsgebot, which was officially imposed in 1516 by Duke Wilhelm of Bavaria — although he added yeast to George the Rich's roster — and which became the law of the land for all Germany in 1906.

At the same time, West Germany's fiercely nationalistic beer-drinkers had their belief reinforced, by testimony from government officials, that foreign beers are laced with an array of potentially hazardous chemicals.

If anything, the court's decision has made it more difficult for foreign beers to make headway in West Germany.

"Nothing has changed, just as



At Frankfurt's Binding-Brauerel, five huge copper kettles are in operation around the clock.

we expected," said Klaus Asche, chief executive of Holsten-Brauerel AG in Hamburg, who was president of the brewers' association when the court made its ruling. "As the proceedings went along, we realized this was outstanding publicity for German beer. The Reinheitsgebot, which was little known, became a synonym for first-class, quality beer. We are quite happy about it."

Mr. Asche said the brewers, who had fought the issue tooth and nail since the European Community took the matter to court in 1984, did so because "it was purely a health question."

After the decision, West Germany's brewers agreed to remain true to the Reinheitsgebot, he said. "But it would have been grotesque not to oppose the sale here of beers containing any of 60 different chemicals, at a time when the World Health Organization is working to reduce the number of preservatives in foods."

We fought to protect our consumers. That altruism may have been abetted by a desire to keep control of an already brutally competitive market, according to importers.

The government lists beer as a basic foodstuff, not an alcoholic beverage, and the nation's 1,200 breweries pumped out 9.4 billion liters (2.4 billion gallons) of it in 1986, up 0.8 percent from 1985, according to statistics from the brewers' association. Consumption this year is slightly below the pace of 1986, a decline attributed to the cold, rainy summer. Since 1971, however, production has hovered between 9.0 billion and 9.5 billion liters.

Beer sales in 1986 totaled 14.8 billion Deutsche marks (about \$3.2 billion at current exchange rates), up from 14.4 billion DM in 1985.

Nearly all the beer produced domestically goes down German

throats. Per capita consumption, which is claimed to be the highest in the world, was 146.5 liters in 1986, up from 145.4 liters in 1985. In Bavaria, where it all began, per capita consumption was 225 liters in 1986, according to Gerhard Oehms, managing director of the Union of Munich Brewers.

"Since that includes babies and old folks, the total is certainly much higher for the in-between ages," he added. "It's liquid bread for a Bavarian."

Exports rose to 5.4 billion liters in 1986, from 5.1 billion in 1985. While brewers say the thirst for German beer is growing abroad, the strength of the mark against other major currencies is limiting export gains.

Germans certainly aren't lusty for other beers. Imports totaled 1.1 billion liters in 1986, up from 1.0 billion in 1985. That translates into an unchanged market share of 1.2 percent, and

See BREWERS, Page 10

British Banks Reject Brazil's New Debt Plan

LONDON — British banks rejected Monday a plan by Brazil that would turn part of its \$112 billion debt into securities, banking sources said.

"They came, they saw, they didn't conquer," said a British banker who attended talks among bankers and Brazilian officials here on Sunday and Monday.

The rejection was a serious blow to Brazil's hopes for the plan, which Japanese bankers had already called unworkable when the proposal was first floated last week.

The British bankers, who have now seen details of the plan, told Brazil's main debt negotiators, Fernando Bracher and Antonio de Padua Seixas, that they would not consider any plan that required a write-off of debt.

Brazil, the developing world's largest debtor, had proposed turning about half of its \$68 billion in debt owed to foreign banks into long-term bonds. The banks would then sell the bonds at a discount of around 70 to 75 percent of their nominal value, getting back most, but not all, of their money.

Although banks currently trade Brazilian loans at around 55 percent of their face value, Brazilian officials have said that the total yield on the bonds, presumably including interest, would roughly equal the return from this lower discount.

Banks have already been increasing their reserves against possible loan losses because of their exposure to Brazil. The country shocked the international financial community in February when it announced a moratorium on its interest payments to foreign banks.

But, a British banker said, "setting aside reserves is very different from actually writing off the debt."

Earlier this summer, British banks, following their U.S. counterparts, set aside reserves equal to 25 to 30 percent of their loans to Latin America.

Brazil has maintained that it would not resume its interest payments, or reach an accord with the International Monetary Fund for new loans accompanied by domestic economic changes, until a new debt agreement is concluded with the commercial banks.

In the talks, the Brazilian officials also said that the securities would be very long term, having a maturity of about 35 years. Since the loans involved are of much shorter maturities, this so-called securitization plan is in effect a sub-

stantial repayment delay, the sources said.

U.S. bankers attending a debt symposium in Vienna last week were more cautious in their reaction to the plan, and said they would await the details.

Meanwhile, British bankers said the committee of Brazil's creditor banks might be willing to consider lending part of the \$7.3 billion in new loans the country has requested if the proceeds were used to pay about \$7.1 billion of interest payments due on loans in 1987 and 1988.

Central Banks Press Call for Stable Dollar

BASEL, Switzerland — Leading central bankers believe the dollar has fallen far enough and think last Friday's U.S. interest rate hikes will help stabilize it, Karl Otto Pöhl, president of West Germany's Bundesbank, said Monday.

Speaking after meeting other central bank governors, including Alan Greenspan, the new head of the U.S. Federal Reserve Board, Mr. Pöhl said they also remained committed to the Louvre accord on stabilizing the dollar.

"It became very clear that the governors believe that stability of exchange rates is very desirable, both for the United States and for Europe and Japan," Mr. Pöhl said after a meeting of bank governors of the so-called Group of 10 industrial nations.

A huge U.S. trade deficit has led currency dealers to think that the dollar needs to fall further, extending a decline begun in 1985 and recently accelerated.

But Mr. Pöhl said, "For the United States a further decline of the dollar would certainly lead to more inflationary pressure and even higher interest rates. In Europe and Japan a further decline in the dollar would lead to repercussions which are unwanted."

Economists say a weaker dollar would raise the price of exports of West Germany, Japan and other nations, crippling their economies.

It was the "unanimous view" of the bankers that Friday's half-

See BANKERS, Page 11

Major OPEC Nations Exceeded Quotas in August

The Associated Press

PARIS — Nearly all major OPEC oil producers, including Saudi Arabia, Iraq and Iran, violated the cartel's production limits in August, the International Energy Agency reported Monday.

In its regular monthly report on the world oil market, the agency estimated total production by the Organization of Petroleum Exporting Countries at 19.7 million barrels a day in August. The cartel's self-imposed production ceiling is 16.6 million barrels daily.

July output had been estimated at 18.2 million barrels a day. A barrel equals 42 gallons (160 liters).

OPEC does not publish official oil production figures. Its president, Riwayan Lukman of Nigeria, said recently that output by the cartel was running no more than 1.2 million barrels a day over its ceiling.

Ways of curbing the overproduction, which has contributed to the recent decline in oil prices, are to be

discussed by key OPEC oil ministers on Wednesday in Vienna.

International crude oil prices weakened again Monday as the current glut of crude oil around the world continued to weigh heavily on markets, Reuters reported from London.

[Brent blend, the most widely traded international crude, was assessed toward the European close around 40 cents below last Friday's close at \$17.75 a barrel. There were no fresh indications for the U.S. benchmark crude, West Texas Intermediate, because of the U.S. holiday on Monday. On Friday, West Texas was quoted at about \$19.35 at the close. The most widely traded Middle East crude, Dubai, dropped 30 cents to \$16.95.]

The report by the International Energy Agency, which groups 21 Western nations, made no predictions about the course of oil prices. But it estimated that oil supplies in the West exceeded demand by 2.6 million barrels a day, a glut that could continue to push prices lower.

While OPEC output has risen, oil production in the West is declining, the report said. The biggest drop has been in the United States, where output in the first five months of this year was 6.5 percent lower than in the corresponding period last year, the agency said.

The report said Saudi Arabia, the world's largest oil exporter, had boosted its production in August to 4.5 million barrels a day, exceeding its OPEC-decreed quota of 4.3 million barrels daily.

That would be the first Saudi quota violation since OPEC reinstated permanent quotas last December, according to energy agency estimates.

Saudi adherence to the production limits is considered crucial, since it has the production capacity to singlehandedly flood the oil market and undercut the cartel's target price of \$18 a barrel.

Iranian oil production last month jumped to 2.8 million barrels a day, compared with its quota of 2.37 million, while Iraqi output rose to 2.2 million a day, the report said. Iraq's quota is 1.54 million a day, but the government has said it would not respect the limit.

The energy agency also said at least one cargo of Iraqi crude had been loaded in August from the terminus of Iraq's new pipeline through Turkey.

The line, with a capacity of 500,000 barrels a day, went into operation in late July, boosting Iraq's export capacity to more than 2 million barrels a day.

Ecuador, a small oil producer whose output was cut by earthquake damage to a pipeline earlier this year, was the only one of the 13 OPEC members to produce less than its quota in August, the report said.

Indonesia, Nigeria, Algeria and Gabon were close to or at their quotas, it said.

The quotas are supposed to stay in force at least until Dec. 31.

Norway Raising Foreign Share Quotas

Reuters

OSLO — Norway's minority Labor government said Monday that it planned to increase the percentage of foreign ownership permitted in Norwegian companies from 20 percent to 33.3 percent of voting shares.

State Secretary Per Grimsstad said a law would be introduced soon that would also give foreign investors unlimited access to non-voting shares.

The new law would also allow individual shareholders to hold up to 20 percent of a company's stock. Currently, they must apply to the government if they wish to hold more than 10 percent.

"The new law is part of the growing internationalization of Norway," Mr. Grimsstad said. "Norwegian companies need fresh capital

to give them the chance to expand abroad."

Companies that want to increase their quota of foreign ownership must apply now for special permission, a requirement that would disappear under the new law, Mr. Grimsstad said.

"There are some fears that this will mean foreigners could gain control of Norwegian companies," Mr. Grimsstad said. "But we cannot solve the problems of industry by blocking out foreigners."

The ministry has already allowed several major companies to increase their quota of foreign ownership to improve liquidity.

On Friday, Kvaerner Industrier A/S, the engineering group, said it had won approval to raise its quota to 33 percent from 20 percent. Norway's biggest private oil

company, Saga Petroleum A/S, has submitted plans to raise permitted foreign share ownership to 40 percent from 20 percent.

Mr. Grimsstad said the planned law was unlikely to meet Conservative opposition. Sources said the proposals were in line with Conservative demands to open up Norwegian financial markets.

Brokers said the Oslo bourse, which has hit a string of record highs in recent sessions on steady prices for Norway's North Sea oil and lower interest rates, would gain fresh impetus from the new law.

"Industry still has a very high level of costs and needs to break into international markets more," one broker said. "This law is part of that opening up to foreign influence."

Currency Rates

Cross Rates	Sept. 7
American dollar	1.235
British pound	1.585
French franc	6.55
German mark	1.36
Italian lira	2.36
Japanese yen	163.6
Swiss franc	1.48
Spanish peseta	166.6
Portuguese escudo	200.4
Belgian franc	36.36
Dutch guilder	3.76
Australian dollar	1.49
New Zealand dollar	1.27
South African rand	1.47
Israeli sheqel	3.48
Indian rupee	47.5
Thai baht	50.7
Philippine peso	49.6
Malaysian ringgit	2.36
Singapore dollar	1.36
Chinese yuan	8.27
South Korean won	200.4
Indonesian rupiah	1,577
Thai baht	50.7
Philippine peso	49.6
Malaysian ringgit	2.36
Singapore dollar	1.36
Chinese yuan	8.27
South Korean won	200.4
Indonesian rupiah	1,577

Closing in London, Tokyo and Zurich, figures in other centers.

Commercial banks; b: to buy one pound; c: to buy one dollar; *: units of 100; #: not quoted; N.A.: not available.

Other Dollar Values	Sept. 7
American dollar	1.235
British pound	1.585
French franc	6.55
German mark	1.36
Italian lira	2.36
Japanese yen	163.6
Swiss franc	1.48
Spanish peseta	166.6
Portuguese escudo	200.4
Belgian franc	36.36
Dutch guilder	3.76
Australian dollar	1.49
New Zealand dollar	1.27
South African rand	1.47
Israeli sheqel	3.48
Indian rupee	47.5
Thai baht	50.7
Philippine peso	49.6
Malaysian ringgit	2.36
Singapore dollar	1.36
Chinese yuan	8.27
South Korean won	200.4
Indonesian rupiah	1,577

Forward Rates

Currency	30-day	60-day	90-day
British pound	1.585	1.585	1.585
French franc	6.55	6.55	6.55
German mark	1.36	1.36	1.36

Sources: Reuters, Bank of America, Bank of Communications, Bank of India, Bank of Japan, Bank of Korea, Bank of London, Bank of Mexico, Bank of New York, Bank of Paris, Bank of Spain, Bank of Sweden, Bank of Switzerland, Bank of Tokyo, Bank of Union, Bank of West Germany, Bank of Yugoslavia, Bank of Zaire, Bank of Zimbabwe.

Other data from Reuters and AP.

Interest Rates

Interest Rates	Sept. 7
3-month T-bill	7.75%
6-month T-bill	7.75%
1-year T-bill	7.75%
3-month Treasury note	7.75%
6-month Treasury note	7.75%
1-year Treasury note	7.75%
3-month corporate bond	7.75%
6-month corporate bond	7.75%
1-year corporate bond	7.75%

Sources: Morgan Guaranty, Citicorp, D.M. & P., Fidelity, Lloyds Bank (ECU), Reuters (ECU), Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates Sept. 7

United States	Rate
3-month T-bill	7.75%
6-month T-bill	7.75%
1-year T-bill	7.75%
3-month Treasury note	7.75%
6-month Treasury note	7.75%
1-year Treasury note	7.75%
3-month corporate bond	7.75%
6-month corporate bond	7.75%
1-year corporate bond	7.75%

Sources: Morgan Guaranty, Citicorp, D.M. & P., Fidelity, Lloyds Bank (ECU), Reuters (ECU), Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Asian Dollar Deposits Sept. 7

Currency	Rate
3-month T-bill	7.75%
6-month T-bill	7.75%
1-year T-bill	7.75%
3-month Treasury note	7.75%
6-month Treasury note	7.75%
1-year Treasury note	7.75%
3-month corporate bond	7.75%
6-month corporate bond	7.75%
1-year corporate bond	7.75%

Sources: Morgan Guaranty, Citicorp, D.M. & P., Fidelity, Lloyds Bank (ECU), Reuters (ECU), Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

U.S. Money Market Funds Sept. 4

Fund	Assets
Mutual Shares	1,235
Money Market Funds	1,235
Money Market Funds	1,235

Sources: Merrill Lynch, Pierce, Fenner & Smith, Inc.

Gold

Gold	Price
1 ounce	375.00
100 ounces	37,500.00
1,000 ounces	3,750,000.00

Sources: Reuters, Bank of Tokyo, Bank of Communications, Bank of India, Bank of Japan, Bank of Korea, Bank of London, Bank of Mexico, Bank of New York, Bank of Paris, Bank of Spain, Bank of Sweden, Bank of Switzerland, Bank of Tokyo, Bank of Union, Bank of West Germany, Bank of Yugoslavia, Bank of Zaire, Bank of Zimbabwe.

Soviet Opens Home Loan Unit

The Associated Press

MOSCOW — The Soviet government has opened a new credit institution to lend families money for homes, furniture, livestock and other big expenses, the official Tass news agency reported Monday.

Tass said interest on the loans, to be supplied from citizens' savings funds would be about 1 or 2 percent annually. Home loans will be granted for 10- or 20-year terms, with special conditions for couples building homes in Siberia, the far north and in other sparsely populated areas.

The new institute incorporates all Soviet savings banks, Tass said, and has deposits of 253 billion rubles (\$400 billion). Tass said 300,000 Soviet citizens already used bank credits granted from their work enterprises.

Chemical Bank Home Loans

100% UK Mortgages for Expatriates
* fast, personalised service
* funds immediately available
Phone our mortgage consultants on 01-380 5019/3214

PUTNAM HIGH INCOME GNMA FUND S.A.

Société Anonyme d'Investissement
Luxembourg 43, Boulevard Royal
R.C. Luxembourg n° B 22041

Dividend Notice

The Board of Directors decided to pay an interim dividend of \$US 0.34 per share payable on or after September 16, 1987 to shareholders of record on September 2, 1987, and to holders of bearer shares upon presentation of coupon n° 5.

Paying Agent in Luxembourg:
Kreditbank S.A. Luxembourg
43, Boulevard Royal
L-2955 Luxembourg

THE ROYAL OAK.
ONE OF THE GREATEST DESIGNS
OF THE 20 TH CENTURY.

CURRENCY MARKETS

Dollar Slips in Cautious Trading

LONDON — The dollar slipped further Monday in Europe, as market participants took scant notice of Friday's rise in the U.S. discount rate. Dealers said, and instead continued to worry about the huge U.S. trade deficit.

The statement by the Bundesbank president, Karl Otto Pöhl, that the half-point increase to a 6 percent discount rate would help stabilize the dollar against other major currencies, came too late to influence trading, Mr. Pöhl also said that the so-called Louvre accord on currency stabilization, reached in February by six of the major industrial democracies, was still valid.

Higher interest rates, making dollar assets more attractive, might have been expected to create demand for the dollar and reverse the slide that began three weeks ago when the U.S. trade deficit for June was announced at \$15.7 billion. But worries about the trade gap before figures for July on Friday, weighed on the market.

Despite the rate increase by the Federal Reserve, the dollar stayed

London Dollar Rates

Currency	Mark	Pf.
Deutsche mark	1.4880	1.4880
Swiss franc	1.4880	1.4880
French franc	1.4880	1.4880
Source: Reuters		

below 1.80 Deutsche marks, which markets regard as a psychological threshold. Many analysts had been expecting heavier central bank intervention to support the dollar above this barrier.

At one point, with trading thinned because of the U.S. Labor Day holiday, the U.S. currency dipped as low as 1.7890 DM.

The dollar closed lower in London at 1.7920 DM, compared with 1.7960 on Friday, but was roughly unchanged at 141.80 yen, after 141.75.

But the currency also slipped to 1.4845 Swiss francs from 1.4890 and to 5.9925 French francs from 6.0125.

The British pound also rose

against the U.S. currency, to \$1.6600 from \$1.6530.

Dealers said trading was cautious, partly because of the U.S. holiday, and also because of the monthly meeting of central bankers at the Bank for International Settlements in Basel, where Mr. Pöhl made his remarks.

Traders have been speculating that the central bankers might forge a new strategy for dealing with the dollar, perhaps by letting it drift below minimum target levels agreed as part of the Louvre accord, thought to be 1.80 DM and 140 yen.

So far, they say, the authorities' intervention in the foreign exchange markets has seemed targeted at slowing the dollar's decline, rather than reversing it.

Dealers noted Mr. Pöhl's remarks, but said that the market was more eager to hear from Alan Greenspan, the new Fed chairman.

Sparsely trading was concentrated on the dollar/mark rate. Dealers noted that when the dollar dipped below 1.79 DM there were no follow-through sales, and the currency bounced back.

BANKERS: Focus on Dollar

(Continued from first finance page)

point rise to 6 percent in the Federal Reserve's discount rate would help stabilize the dollar, Mr. Pöhl said.

U.S. banks followed by increasing their prime rates.

Higher interest rates make dollar assets more rewarding and should strengthen demand for dollars.

Mr. Pöhl, who is president of the Group of 10, denied suggestions that the Louvre accord, agreed to by six key nations, had failed.

The Group of 10 is one of several financial alliances formed since the 1960s to try to promote stable expansion of the global economy. Members are Britain, Belgium, Canada, France, Italy, Japan, Netherlands, Sweden, the United States and West Germany. Switzerland is associated with most of the group's meetings.

"The Louvre accord is not dead. On the contrary, the Louvre accord is a success," Mr. Pöhl said, noting that the dollar was now only slightly below the 1.83-mark level at which it was trading before the agreement.

Floating-Rate Notes

Sept. 7

Dollars

Issuer/Note	Coupon	Rate	Yield
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%

Floating-Rate Notes

Sept. 7

Issuer/Note	Coupon	Rate	Yield
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%
Alcoa Floating Rate	7 1/2%	100.0000	7.125%

Mortgages, Other Consumer Interest Rates Rising

By Robert A. Bennett

New York Times Service

NEW YORK — Last week's increase in the U.S. prime and discount rates dashed any remaining hopes that consumers would soon get a second chance to borrow at rates as low as those that prevailed early this year.

Friday's increase in the discount rate, which is what the Federal Reserve charges on its loans to banks, was quickly followed by a rise in the prime rate, which is what commercial banks use in setting their interest charges.

For consumers, the biggest impact will be in mortgages. Since home loans involve tens of thousands of dollars, even a small rise in the interest charge can take a large bite out of disposable income.

Only hours after Friday's announcements by the Federal Reserve and the commercial banks, the Veterans Administration said it would raise its mortgage rate to

10.5 percent, from 10 percent. That would mean increased interest costs to home buyers of \$400 a year for a \$80,000 mortgage.

Other mortgage lenders are expected to follow suit.

The average effective mortgage

"The yuppies may be hurt and the elderly who depend heavily on interest income will be helped."

— Robert A. Schwartz, financial analyst

interest rate on existing homes dipped to 9.97 percent last October, the first time in this decade that the rate has fallen below 10 percent. But it turned back upward in March when rates rose in the credit markets.

The effects of the higher general level of interest rates will be felt by other borrowers as well and by in-

vestors. For people with high levels of liquid savings, the increases will be welcome because their money will earn more interest.

"Money market account rates should rise 15 to 20 basis points," or hundredths of a percentage

point, over "the next month or so," said Robert Heady, publisher of Bank Rate Monitor, a publication that tracks interest rates paid by financial institutions across the country. He predicted that rates on certificates of deposit would rise 25 to 35 basis points.

But consumers and many investors will be hurt by the rising rates. People who invested in long-term bond funds, for example, already have begun to see the value of their investments decline as a result of the rise in interest rates.

"The yuppies may be hurt and the elderly who depend heavily on interest income will be helped," said Robert A. Schwartz, senior financial economist at Merrill Lynch Capital Markets.

In the past week alone, the asset values of mutual funds dropped an average of 95 hundredths of 1 percent, according to A. Michael Lipper of Lipper Analytical Services. That means that a person whose mutual fund holdings were worth \$1,000 at the beginning of the week ended the week with a value of only \$990.50.

Among borrowers, those who will be hardest hit are people who have taken floating-rate loans, such as home-equity loans or second mortgages. Because of this year's change in the tax law, which still

allows individuals to deduct most interest paid on home-equity loans from their taxable income, such borrowing has become increasingly popular.

But much of it is done on a floating-rate basis, with the interest rate often directly tied to the prime.

Chemical Bank charges the prime rate for the first year on its home-equity loans, and then the rate rises to the prime plus 1.75 percentage points. Citibank charges either 1.25 percent or 1.75 percent over prime, depending on how many points the borrower pays when the loan is taken out. At Chemical and Citibank, the increase in the prime rate means a rise in second-mortgage borrowing costs of half a percentage point. On a \$50,000 loan that would amount to \$250 a year.

ETHICS: Rules for Paris Bourse

(Continued from first finance page)

report, which focuses on any intermediaries who would put their own interests ahead of their clients or the market's integrity.

It stated, for example, that intermediaries:

Should serve their clients "with diligence, loyalty, neutrality and discretion," and should execute orders as soon as possible, and in the order that they are received.

They should separate portfolio management from trading activities and should not abuse privileged or dominant situations by manipulating the market, whether on behalf of clients or acting for their own accounts.

As to insider trading — profiting on information that is not generally available to the market — the report notes that the practice has been outlawed in France since 1967, but it emphasizes that the practice also represents a serious ethical breach.

It's difficult to know the extent of any ethical offenses. A London-based fund manager notes that "the French brokers are a tight-knit bunch who aren't about to get on the phone and tell us that they've got some good inside information."

Mr. McNeillage of James Capel adds that the French market is so volatile, due to a still-antiquated trading mechanism, that it is difficult to detect abuses. BSN, the food and beverage stock, "can gain or lose 5 percent in a day without any news coming out," to cause a move, he said. "Here in London, that would cause an inquiry."

The COB's Mr. Fleuriot acknowledged that actual unethical

practices by brokers constitute "a very sensitive subject."

Nevertheless, he said that "we have no Boesky in France," referring to Ivan F. Boesky, the American arbitrator who pleaded guilty to a felony in April and had paid a \$100 million fine after an insider-trading investigation. With the French market so much smaller than Wall Street and the potential gain from insider-trading that much more limited, Mr. Fleuriot maintained "it's not worth the risk."

Instead, he said, the market suffers *petits coups*, or minor offenses, such as when a broker receives significant order from a client and proceeds to trade the stock on his own account in advance of making the client's transaction, thereby profiting from the subsequent movement in the stock.

The July report suggests that brokerage houses enforce ethical behavior by employing internal controllers, who would have the power and autonomy to investigate suspicious activities. They would be expected to cooperate with external investigators, although the ethics committee acknowledged that this requirement could place the internal policeman "in a delicate situation."

"Success will depend on the strength of the clients," said Mr. Fleuriot. "The institutions are not independent enough from the intermediaries to criticize the system. We need to have more independent clients."

With France's major banks and institutional investors soon to be permitted to buy up brokers, Mr. Fleuriot notes that the task will be that much harder.

Paris Commodities

Sept. 7

Commodity	High	Low	Close	Settle	Change
SUGAR					
French francs per metric ton					
Oct. 1987	1,275	1,265	1,270	1,270	-10
Nov. 1987	1,275	1,265	1,270	1,270	-10
Dec. 1987	1,275	1,265	1,270	1,270	-10
Jan. 1988	1,275	1,265	1,270	1,270	-10
Feb. 1988	1,275	1,265	1,270	1,270	-10
Mar. 1988	1,275	1,265	1,270	1,270	-10
Apr. 1988	1,275	1,265	1,270	1,270	-10
May 1988	1,275	1,265	1,270	1,270	-10
Jun. 1988	1,275	1,265	1,270	1,270	-10
Jul. 1988	1,275	1,265	1,270	1,270	-10
Aug. 1988	1,275	1,265	1,270	1,270	-10
Sep. 1988	1,275	1,265	1,270	1,270	-10
Oct. 1988	1,275	1,265	1,270	1,270	-10
Nov. 1988	1,275	1,265	1,270	1,270	-10
Dec. 1988	1,275	1,265	1,270	1,270	-10
Jan. 1989	1,275	1,265	1,270	1,270	-10
Feb. 1989	1,275	1,265	1,270	1,270	-10
Mar. 1989	1,275	1,265	1,270	1,270	-10
Apr. 1989	1,275	1,265	1,270	1,270	-10
May 1989	1,275	1,265	1,270	1,270	-10
Jun. 1989	1,275	1,265	1,270	1,270	-10
Jul. 1989	1,275	1,265	1,270	1,270	-10
Aug. 1989	1,275	1,265	1,270	1,270	-10
Sep. 1989	1,275	1,265	1,270	1,270	-10
Oct. 1989	1,275	1,265	1,270	1,270	-10
Nov. 1989	1,275	1,265	1,270	1,270	-10
Dec. 1989	1,275	1,265	1,270	1,270	-10
Jan. 1990	1,275	1,265	1,270	1,270	-10
Feb. 1990	1,275	1,265	1,270	1,270	-10
Mar. 1990	1,275	1,265	1,270	1,270	-10
Apr. 1990	1,275	1,265	1,270	1,270	-10
May 1990	1,275	1,265	1,270	1,270	-10
Jun. 1990	1,275	1,265	1,270	1,270	-10
Jul. 1990	1,275	1,265	1,270	1,270	-10
Aug. 1990	1,275	1,265	1,270	1,270	-10
Sep. 1990	1,275	1,265	1,270	1,270	-10
Oct. 1990	1,275	1,265	1,270	1,270	-10
Nov. 1990	1,275	1,265	1,270	1,270	-10
Dec. 1990	1,275	1,265	1,270	1,270	-10
Jan. 1991	1,275	1,265	1,270	1,270	-10
Feb. 1991	1,275	1,265	1,270	1,270	-10
Mar. 1991	1,275	1,265	1,270	1,270	-10
Apr. 1991	1,275	1,265	1,270	1,270	-10
May 1991	1,275	1,265	1,270	1,270	-10
Jun. 1991	1,275	1,265	1,270	1,270	-10
Jul. 1991	1,275	1,265	1,270	1,270	-10
Aug. 1991	1,275	1,265	1,270	1,270	-10
Sep. 1991	1,275	1,265	1,270	1,270	-10
Oct. 1991	1,275	1,265	1,270	1,270	-10
Nov. 1991	1,275	1,265	1,270	1,270	-10
Dec. 1991	1,275	1,265	1,270	1,270	-10
Jan. 1992	1,275	1,265	1,270	1,270	-10
Feb. 1992	1,275	1,265	1,270	1,270	-10
Mar. 1992	1,275	1,265	1,270	1,270	-10
Apr. 1992	1,275	1,265	1,270	1,270	-10
May 1992	1,275	1,265	1,270	1,270	-10
Jun. 1992	1,275	1,265	1,270	1,270	-10
Jul. 1992	1,275	1,265	1,270	1,270	-10
Aug. 1992	1,275	1,265	1,270	1,270	-10
Sep. 1992	1,275	1,265	1,270	1,270	-10
Oct. 1992	1,275	1,265	1,270	1,270	-10
Nov. 1992	1,275	1,265	1,270	1,270	-10
Dec. 1992	1,275	1,265	1,270	1,270	-10
Jan. 1993	1,275	1,265	1,270	1,270	-10
Feb. 1993	1,275	1,265	1,270	1,270	-10
Mar. 1993	1,275	1,265	1,270	1,270	-10
Apr. 1993	1,275	1,265	1,270	1,270	-10
May 1993	1,275	1,265	1,270	1,270	-10
Jun. 1993	1,275	1,265	1,270	1,270	-10
Jul. 1993	1,275	1,265	1,270	1,270	-10
Aug. 1993	1,275	1,265	1,270	1,270	-10
Sep. 1993	1,275	1,265	1,270	1,270	-10
Oct. 1993	1,275	1,265	1,270	1,270	-10
Nov. 1993	1,275	1,265	1,270	1,270	-10
Dec. 1993	1,275	1,265	1,270	1,270	-10
Jan. 1994	1,275	1,265	1,270	1,270	-10
Feb. 1994	1,275	1,265	1,270	1,270	-10
Mar. 1994	1,275	1,265	1,270	1,270	-10
Apr. 1994	1,275	1,265	1,270	1,270	-10
May 1994	1,275	1,265	1,270	1,270	-10
Jun. 1994	1,275	1,265	1,270	1,270	-10
Jul. 1994	1,275	1,265	1,270	1,270	-10
Aug. 1994	1,275	1,265	1,270	1,270	-10
Sep. 1994	1,275	1,265	1,270	1,270	-10
Oct. 1994	1,275	1,265	1,270	1,270	-10
Nov. 1994	1,275	1,265	1,270	1,270	-10
Dec. 1994	1,275	1,265	1,270	1,270	-10
Jan. 1995	1,275	1,265	1,270	1,270	-10
Feb. 1995	1,275	1,265	1,270	1,270	-10
Mar. 1995	1,275	1,265	1,270	1,270	-10
Apr. 1995	1,275	1,265	1,270	1,270	-10
May 1995	1,275	1,265	1,270	1,270	-10
Jun. 1995	1,275	1,265	1,270	1,270	-10
Jul. 1995	1,275	1,265	1,270	1,270	-10

